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**MARKET ANALYTICS AND  
SCENARIO FORECASTING  
UNIT**

**JOHN LOOS:  
HOUSEHOLD AND PROPERTY  
SECTOR STRATEGIST  
087-328 0151  
[john.loos@fnb.co.za](mailto:john.loos@fnb.co.za)**

**THEO SWANEPOEL:  
PROPERTY MARKET  
ANALYST  
087-328 0157  
[tswanepoel@fnb.co.za](mailto:tswanepoel@fnb.co.za)**

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## PROPERTY BAROMETER

### Monthly Residential Market Risk Overview

*The housing market looks well balanced for the time being, but the state of the economy remains an ongoing concern*

May data releases continued to suggest that the residential market remains largely “rational”, with little reason to be concerned about “over-exuberant” behavior that risks causing big market “overshoots”. But while some data pointed towards a slightly “less weak” economic environment, the economy remains stagnant at best, and its health continues to pose a key risk to the housing market’s well-being going forward. And while FNB’s Valuers continued to point to good supply-demand balance in May, which should still justify recent positive house price growth in real terms, they do perceive signs of weakening. In addition, some releases did point towards a deterioration in Household Sector credit health early in 2016.

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## KEY POINTS

- *The best one could say about the economic environment after May is that certain data releases pointed to a slightly better environment emerging, although “less weak” would perhaps be a better term to use. But it is certainly not yet an environment that would provide significant additional support for residential demand.*
- *FNB’s valuers continue to point to an almost-stalling in the recent weakening residential demand trend in the past month or two. This may reflect a very slight improvement in the economy as the 2nd quarter got under way, and may be reflected in a mild uptick in average house price growth in May.*
- *FNB’s valuers as a group have recently begun to point to rising residential supply on a month-on-month basis, though the Valuers’ Supply Rating remains relatively low for the time being.*
- *Moderate levels of home building persist, contributing greatly to a lack of any meaningful supply overhangs to date.*
- *The FNB Valuers continue to see a weakening balance between demand and supply, which may be slightly “at odds” with a very recent acceleration in FNB House Price Index inflation. However, as yet, the MSI has not dropped below 50, indicating that they still see demand as slightly stronger than supply on a national average basis. Therefore, it should not be surprising to see FNB House Price index inflation at a slightly positive rate in real terms (when adjusting for CPI inflation). But although still at a good level, the valuers do point to a weakening demand-supply balance, and if this trend should continue, it should ultimately imply a move to slower house price inflation.*
- *The FNB House Price Index for May 2016 rose by 7.4% year-on-year. This is slightly faster than the revised 7.0% rate recorded for April, implying an acceleration in nominal house price growth for the past 4 months using the latest revised data.*
- *Growth in property transactions by individuals (“Natural Persons”) had all but flattened out by the end of 2015, both in volume and value terms. This is the lagged impact of both gradually rising interest rates since early-2014, as well as economic growth stagnation since 2012.*
- *Housing in South Africa remains expensive by our historic standards, and the various monthly affordability measures remain on a broad rising (deteriorating affordability) trend.*
- *Key monthly home maintenance and upgrade statistics point to mediocrity in growth in this area of the Residential Market, which can be a reflection of Household Sector financial constraints mounting.*
- *Key data releases during May suggested that early-2016 had heralded the start of a more noticeable deterioration in the Household Sector’s credit health, although it still looks to be at a stage where things are fairly good.*
- *Monthly data related to the Household Sector Mortgage Lending environment may be beginning to show hints of greater “conservatism” in certain ways, but it would be too early to draw any hard conclusions.*
- *In short, May data releases continued to suggest that the residential market remains largely “rational” in its behavior, with little reason to be concerned about “over-exuberant” behavior that risks causing big market “overshoots”. But while some data pointed towards a slightly less weak economic environment, the economy remains stagnant at best, and its health continues to pose a key risk to the housing market’s well-being going forward. And while FNB’s Valuers continued to point to a good housing market balance in May, which should still justify recent positive house price growth in real terms, they do perceive signs of weakening.*

## MAY OVERVIEW

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***From a mortgage lender risk point of view, May residential property-related data remained a “mixed bag”. On the one hand, one has economic data still pointing to a stagnant South African economy, and all the structural concerns remain. In addition, certain May data releases did point to a deterioration in Household Sector Credit Health in the early stages of 2016. On the other hand, however, there remains little sign of any cause for dangerous “over-exuberance” either from a mortgage lending sector or a borrower point of view.***

May was a month when the Rand came under some renewed pressure for the 1<sup>st</sup> time since the Minister of Finance issue late last year. The currency had a reasonably good run up to May, but then we saw the Trade-Weighted Effective Exchange Rate depreciate by just over -8% over the month. Much of the positive sentiment surrounding Finance Minister Pravin Gordhan’s re-appointment late in 2015 appears to have subsided, and the widespread concerns over country ratings downgrades and “Junk Status” have re-surfaced as we approach some key ratings agency decisions. Rand fluctuations will continue, and already the currency has recovered somewhat early in June, but the scrutiny on South Africa appears to have intensified once more.

That bout of Rand weakness during May influenced some mild rise in market expectations for interest rate hiking, and therein lies the key link between the Rand and the residential market, Rand weakness not being positive.

On the economic data front, the best one could say was that certain data releases pointed to a slightly “less weak” economic environment as we entered the 2<sup>nd</sup> quarter of 2016. The evidence is not overly convincing, but the Manufacturing Purchasing Managers Index (PMI), a key up to date barometer of the economic environment, has been above the crucial 50 level in recent months, signaling some possible expansion in output in this major sector after prior months of contraction. And the OECD and SARB Leading Business Cycle Indicators, while still in year-on-year decline, have showed slower rates of decline early in 2016 compared to late in 2015. For the rest, though, economic weakness was widely evident, and the economy doesn’t appear overly supportive of housing demand growth.

But that “slightly less weak” economic environment may just have been enough to cause a mild “bump-up” to average house price inflation, with the FNB House Price Index year-on-year growth rate accelerating from 7% in the prior month to 7.4% in May.

Other small evidence of a “less weak” environment came from the FNB Valuers’ Demand Strength Index. While our valuers as a group didn’t perceive strengthening demand, they have pointed to a slowing pace of residential demand deterioration recently. But that’s about as good as it gets. The valuers still perceive a well-balanced residential market on a national average basis, for the time being, but their Demand Rating continues to weaken and they have recently pointed to rising residential supply, which ultimately could weaken that Market Balance.

Household Sector transaction activity data lags a few months, but we did see growth in transaction activity slow through 2015 to reach a negative rate by late-2015/early-2016, so the residential market hasn’t been much of a growth market in recent times.

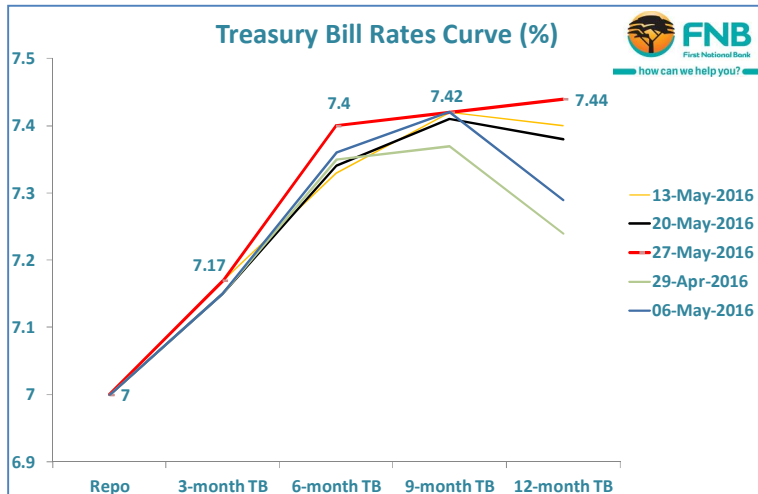
But the good news from a market risk point of view is that there appears little indication of any “over-exuberant” behavior nationally, at present, although the strong Western Cape market could well invite some such behavior and become an exception to the national rule. Mortgage lending rates remain above national average house price inflation, taking the market largely away from dangerous large-scale speculation. Examining mortgage market data, too, there appears little sign of “exuberance”. Mortgage originator, Ooba, actually reports a slight rise in average differential above Prime Rate on mortgage loans recently, so a “pricing squeeze” on home loans doesn’t appear on the cards of late. In addition, we see little movement in the average Loan-to-Purchase Price (LTP) on an industry-wide basis.

In short, therefore, May data releases continued to suggest that the residential market remains largely “rational” in its behavior, with little reason to be concerned about “over-exuberant” behavior that risks causing big market “overshoots”. But while some data pointed towards a slightly less weak economic environment, the economy remains stagnant at best, and its health continues to pose a major risk to the housing market’s future well-being.

## THE ECONOMIC ENVIRONMENT

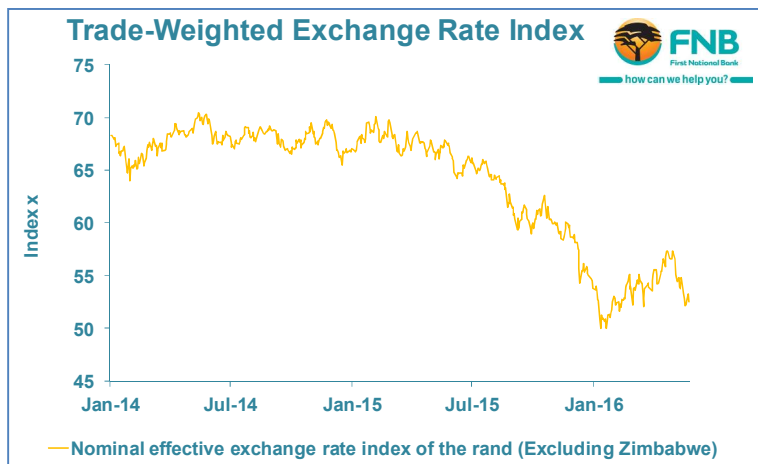
The best one could say about the economic environment after May is that certain data releases pointed to a slightly better environment emerging, although “less weak” would perhaps be a better term to use. But it is certainly not yet an environment that would provide significant additional support for residential demand.

### INTEREST RATES AND INFLATION



Market interest rates remain pointing to the upside of Repo Rate, indicating the expectation of further interest rate hiking to come.

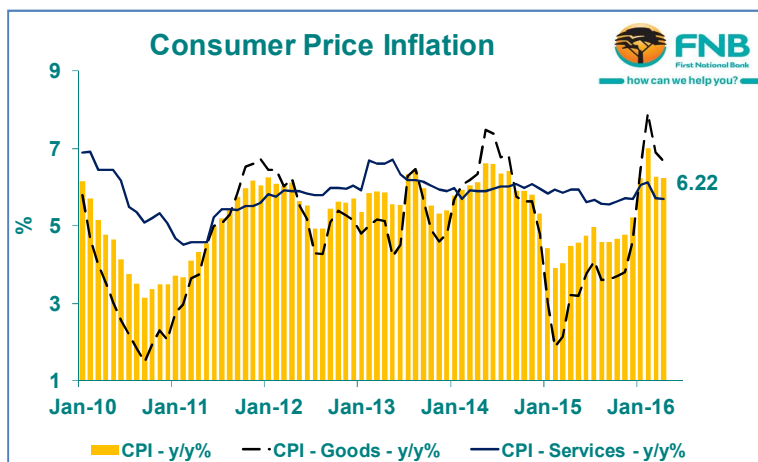
And during May, market interest rate expectations deteriorated (risen) mildly, and this was reflected in the weekly Treasury Bill. (TB) data. We saw an upward move in the 9-month TB rate, from 7.37% on 29 April to 7.42% on 6 May. But it was the 12-month TB Rate that moved more noticeably, from 7.24% on 29 April to 7.4% on 13 May, and higher to 7.44% by 27 May.



This upward shift in Treasury Bill rates coincided with a -8.3% decline in the Trade-Weighted Rand Exchange Rate over the course of May, the renewed pressure coming after a relatively good early stage of 2016.

Renewed speculation surrounding future ratings downgrades to “Junk Status” have inevitably emerged as we await Standard and Poors decision, while rumours surrounding the possible arrest of the Minister of Finance also took their toll.

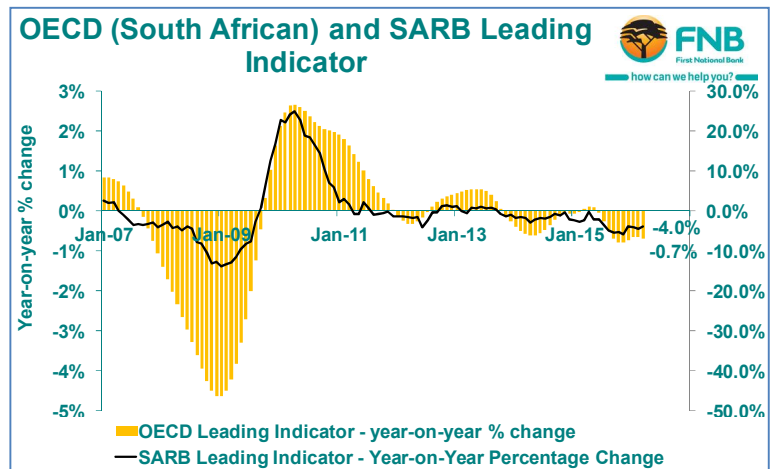
This renewed depreciation in the Rand raises inflation risks, and was therefore bound to lift interest rate expectations from some quarters mildly.



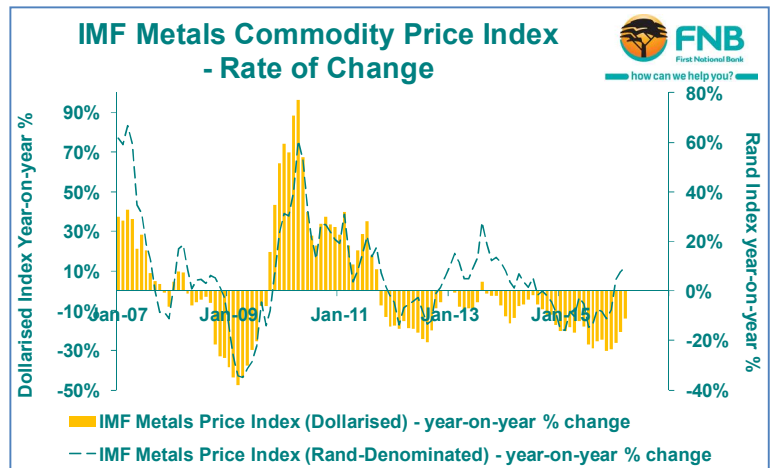
Actual CPI (Consumer Price Index) inflation has not deteriorated further in recent months. Slower petrol price inflation brought some relief, with CPI inflation slowing from 7% year-on-year in February to 6.2% in April. But recent relative oil price strength coupled with renewed Rand weakness possibly raises the fears that this inflation improvement may be short lived.

## LEADING ECONOMIC INDICATORS

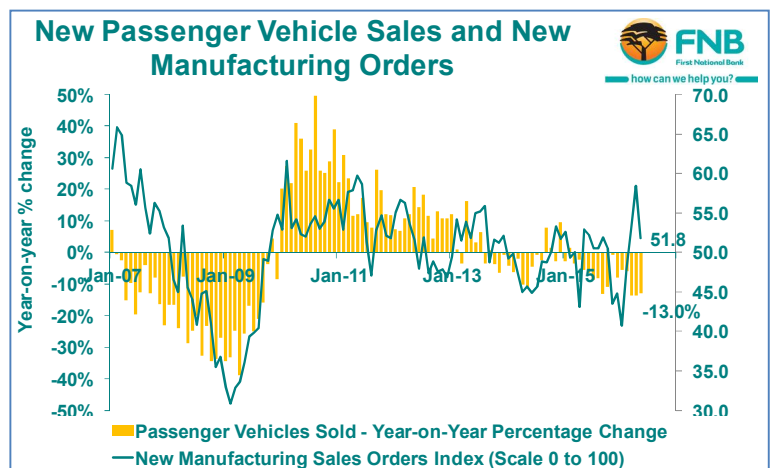
Both Leading Business Cycle Indicators for South Africa continue to point to a very weak economic picture, and perhaps the best way to put it is that it is possible that the near term performance will be slightly “less weak” at best. On a year-on-year basis, the OECD Leading Business Cycle Indicator for South Africa continued to decline by -0.7% in March, which is a little less in magnitude than the -0.8% low reached in October last year. The SARB Leading Indicator also continues its year-on-year decline, for the 30<sup>th</sup> consecutive month, to the tune of -4%. However, this rate of decline, too, is off the November 2015 low of -5.8%.



Slight improvements in certain Global economic indicators have led to a slightly slower pace of year-on-year decline (and a month-on-month increase) in the SARB Leading Business Cycle Indicator in March. In the SARB statement, it cites as positive monthly contributors both the Leading Indicator for SA’s Major Trading Partners as well as the Commodity Price Index for SA’s Export Commodities.



On the negative contributors list, however, were some key domestic indicators, notably New Passenger Vehicle Sales, New Manufacturing Orders, and the level of Job Advertisements.



Overall, though, the various economic data don’t give any clear indication of direction. Examining 2 of the most up to date leading indicators, namely the New Manufacturing Orders Index and New Passenger Vehicle Sales, the former shot up in April to a multi-year high of 58.4 (scale 0 to 100) in April before receding a little but remaining above the crucial 50 level, while the latter’s rate of decline remained dismal at -13.6% in the same month.

Other data releases for March, released during May, pointed to a still-dismal situation in the Mining Sector (-18% decline year-on-year in production), to a lesser extent the Manufacturing Sector (-2% year-on-year production decline) and Electricity Consumption (-4.7% year-on-year decline).

Therefore, while the Leading Indicators’ year-on-year declines have recently been of a slightly lesser magnitude compared to late last year, with small indications of a Global economic improvement seen, they remain in decline, the domestic economic situation in the near term looks likely to remain very weak, with perhaps only marginal improvement after what appears to have been a very poor start to 2016.

## RESIDENTIAL DEMAND CONDITIONS

FNB's valuers continue to point to an almost-stalling in the recent weakening demand trend in the past month or two. This may reflect a very slight improvement in the economy as the 2<sup>nd</sup> quarter got under way, and may also be reflected in a mild uptick in average house price growth in recent months.

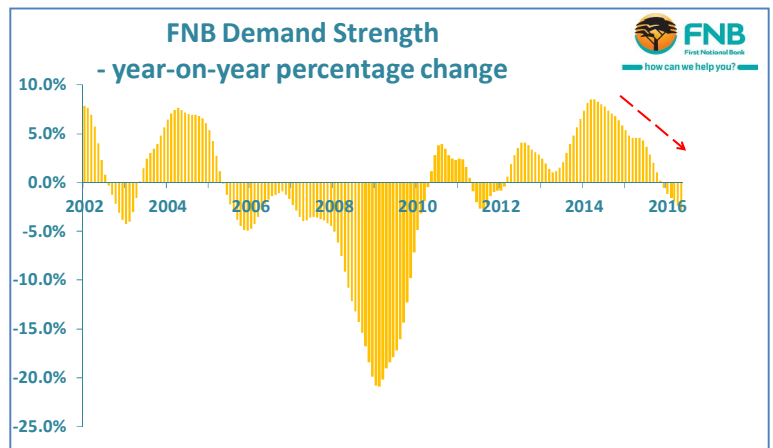
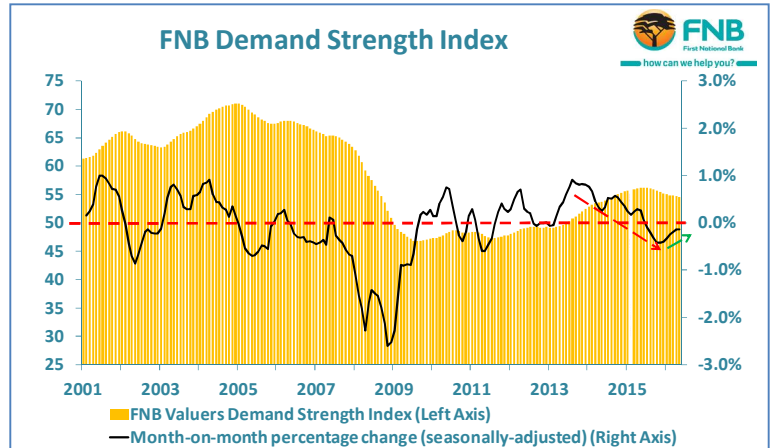
### FNB VALUERS' DEMAND STRENGTH INDEX

The FNB Valuers' Residential Demand Strength Index (Scale 0 to 100), an index of our group of valuers' perceptions of the strength of residential demand in their areas, continues to decline, pointing to weakening residential demand.

However, in recent months the pace of this decline has all but stalled. From a low of -0.42% month-on-month seasonally-adjusted decline as at October 2015, the pace of decline has receded to a mere -0.13% by May 2016. This is perhaps reflective of a mildly better economic period in the 2<sup>nd</sup> quarter of 2016, if the recent uptick in a previously-dismal Manufacturing PMI (The Purchasing managers Index, a good barometer of the economy's direction) reading is anything to go by.

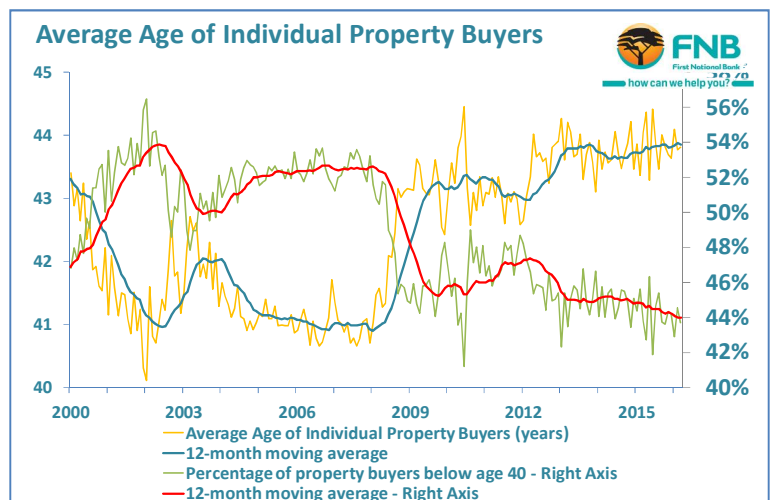
On a year-on-year basis, though, the rate of decline continued to pick up downward speed during May, from -2.6% previous to -2.8%.

The slight turnaround in the month-on-month rate of decline, to head back to near zero, is therefore not a convincing "turn" for the better yet, but may just explain a recent slight uptick in average house price growth.



### AVERAGE AGE OF INDIVIDUAL PROPERTY BUYERS ("NATURAL PERSONS)

Mounting affordability challenges are arguably in part reflected in a renewed rising trend in the average age of home buyer since 2014. During 2013-to-early-2014, we had seen some decline in the average age of individual property buyers. But the rising trend resumed not long after interest rates commenced their rising trend from early in 2014. This is to be expected, with younger buyers being highly dependent on credit, and thus sensitive to rises in the cost of credit. Early in 2016, the broadly rising trend in average age remained intact, as did the declining trend in the percentage of property buyers below age 40.



## THE SCOPE FOR “OVER-EXUBERANT” OF “SPECULATIVE” BEHAVIOUR

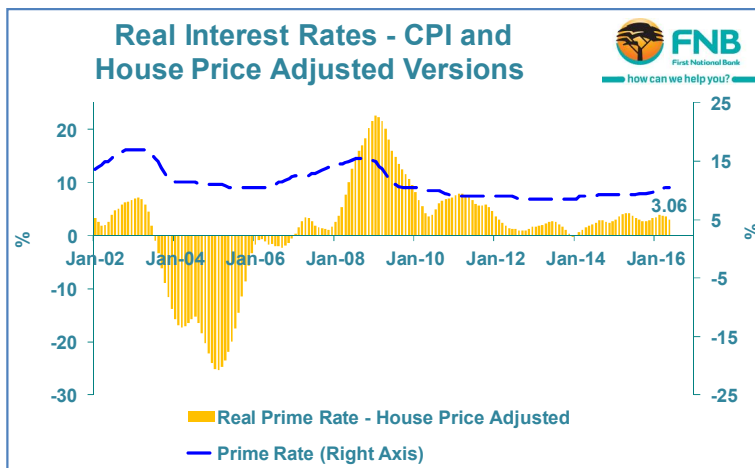
Ongoing interest rate hikes, with the most recent one having been a 25 basis point rise in March, continue to keep the market away from the speculator.

In order to create a “speculator’s paradise” in residential property, it is important to have price growth at a percentage significantly faster than the percentage of the annual interest charged on a mortgage loan.

Such an environment would give rise to widespread use of cheap credit to buy and sell properties in a relatively short space of time and make big capital gains. 2004-5 was such a speculators’ paradise.

To monitor this, we calculate our very simple “Alternative Real Prime Rate”, which adjusts Prime Rate to real terms using average house price inflation instead of the usual CPI inflation rate approach.

For a healthy market with low levels of speculation, we believe that this real rate should remain positive. Indeed, that was again the case in May, where the Real Alternative Prime Rate was 3.06%. This represents a mild decline, in the back of a recent renewed acceleration in average house price growth, but is still well within positive real territory. We thus believe the SARB’s monetary policy stance still to be appropriate currently from a point of view of promoting “healthy” residential market behavior.

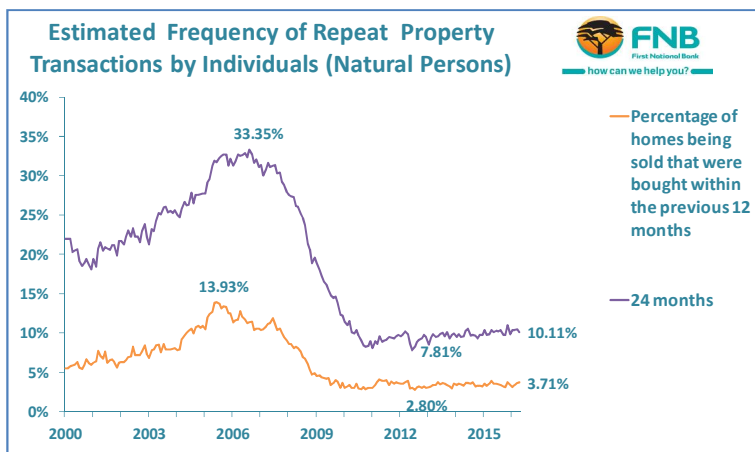


## INDICATORS OF POTENTIALLY “OVER-EXUBERANT” MARKET BEHAVIOUR

One potential indication of speculative or “over-exuberant” trading behavior is the level of high frequency buying and selling of properties. Using Deeds data transactions by “natural persons” (as opposed to juristic entities) we estimated the monthly percentage of homes sold that were previously bought within the previous 12 months, as well as an estimate of those bought within the previous 24 months.

We find that this pace of housing “turnover” remains relatively slow, suggesting that speculative activity remains muted.

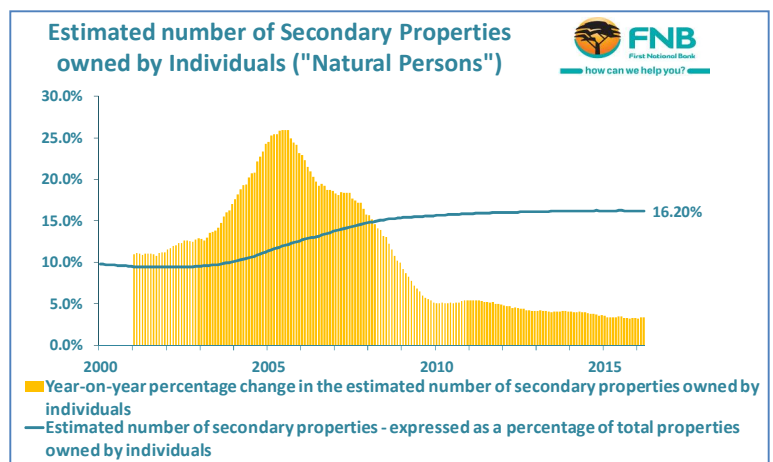
Whereas the percentage of properties, being sold by individuals, which were purchased within the prior 12 months was an extreme 13.93% of all properties traded by individuals (Natural Persons) back in June 2005 at the height of the boom, in April 2016 it was a lowly 3.71%. This has risen only marginally from a post-Boom low of 2.80% at a stage of 2012.



Those properties being sold in April 2016, that had been bought within the prior 24 months,

were estimated at 10.11% of total April transactions. This, too, is very low compared to the 33.35% high reached during 2006, at the height of last decade’s speculative “bubble”.

A 2<sup>nd</sup> monthly indicator used to keep a lookout for “exuberance” building in the market is an estimate of the level and growth in the number of individuals (“natural persons”) owning multiple properties. To this end we use deeds data, and attempt to identify the number of properties where the owner owns more than 1 property. We estimate such multiple property ownership to amount to 16.2% of total properties identified as owned by natural persons as at March 2016. This percentage has remained fairly stable in recent years, after having risen sharply back around 2004-2008 during last decade’s boom period. Unlike back then, therefore, we have slow growth in multiple property ownership, and little to be concerned about in the way of “over-exuberant” 2<sup>nd</sup> property buying it would appear.



## RESIDENTIAL SUPPLY CONDITIONS

FNB’s valuers as a group have recently begun to point to rising residential supply on a month-on-month basis, though the Valuers’ Supply Rating remains relatively low for the time being, and has not yet risen on a year-on-year basis. New residential building levels remain modest, despite having shown some growth as of late.

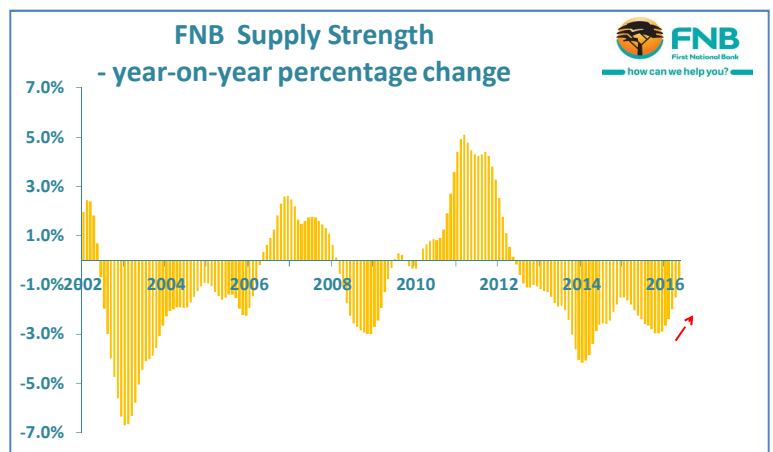
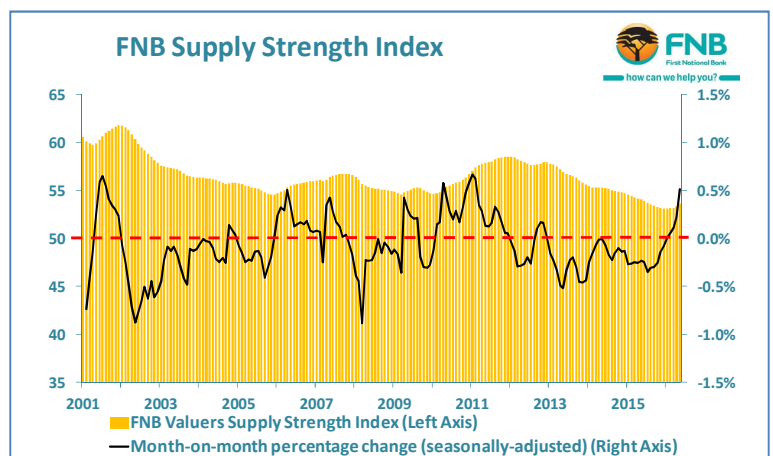
### FNB VALUERS’ SUPPLY STRENGTH INDEX

The FNB Valuers’ Supply Strength Index (Scale of 0 to 100) is an index reflecting the FNB Valuers’ aggregated perceptions of residential supply strength in their areas.

While the Supply Rating of 53.6 remains one of the lowest in the 15 year history of the Index, the valuers have just recently started to point to a noticeable rise. On a seasonally-adjusted basis, the Supply Rating rose by 0.51% month-on-month in May 2016, the 5<sup>th</sup> consecutive month of positive growth.

To date, though, supply still looks to be relatively constrained, and on a year-on-year basis was still in decline as at May.

But the start of a noticeable month-on-month rise has begun to suggest that the constrained supply situation of recent years may be showing signs of alleviating.





## NEW HOME BUILDING ACTIVITY

**Moderate levels of home building persist in the post-2008 Boom period market, contributing greatly to a lack of any meaningful supply overhangs to date.**

Levels of home building remain modest by historic standards. For the 3 months to March 2016, 9,277 housing units were reported as completed, which is only 58.5% of the peak boom period 1<sup>st</sup> quarter that was reached in the 3 months to March 2008.

The recent levels of completions are even low compared to pre-boom late-1990s levels.

This relatively low level of supply of new residential stock to the market remains key in curbing a build up of any significant oversupplies.

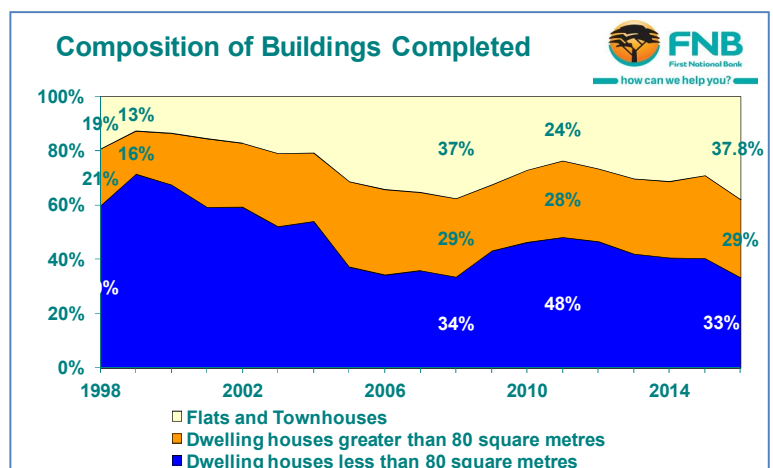
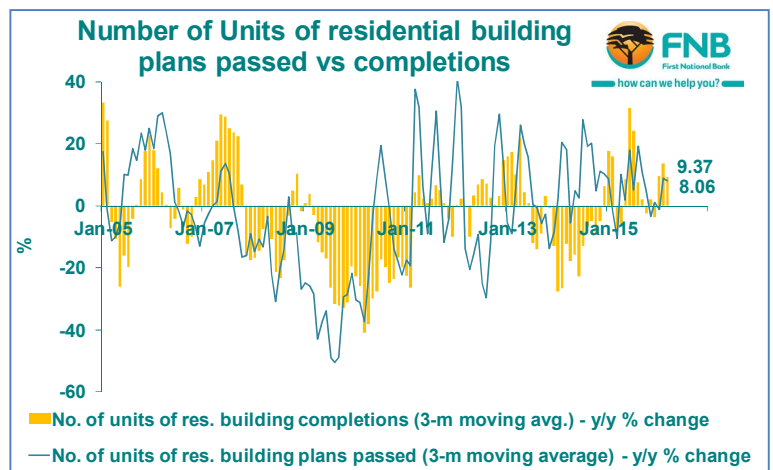
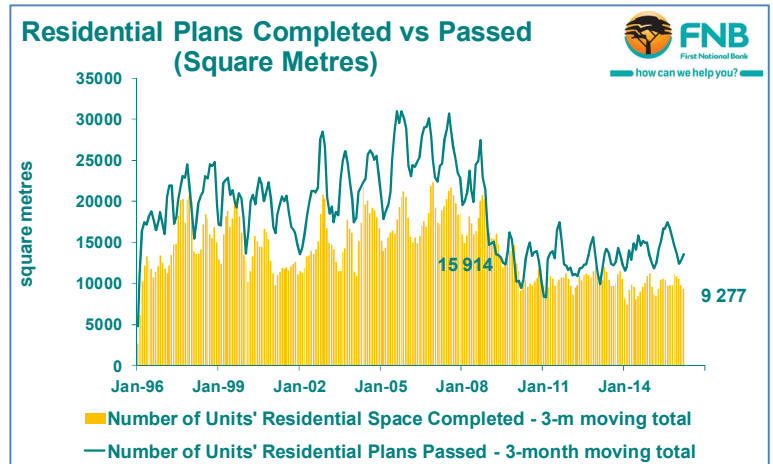
Early in 2016, there has been some modest growth at best in home completions, with the reported number of residential units completed having risen by 9.37% year-on-year for the 3 months to March (a 3-month moving average being used for smoothing purposes). This represents an improvement on declines late in 2015, but is still significantly lower than the growth high of 31.5% for the 3 months to June 2015.

Residential plans passed also grew modestly, to the tune of 8.06% for the 3 months to March 2016, suggesting the possibility of some further mild growth in building activity to come in the near term.

The average size of home completed has declined in recent months, and looks set to decline further as the focus early in 2016 appears to be increasingly on the smaller-sized home category of “Flats and Townhouses”. In the year to date, this category has further increased its share of completions to 37.8% of total completions, from 2015’s 29%.

By comparison, both “Dwelling Houses larger than 80 square metres” and “Dwelling Houses smaller than 80 square metres” have seen their shares of completions decline further early in 2016.

**This shift to a smaller sized type of home, that is more efficient in land use, says much about mounting affordability constraints in the Household Sector, as interest rates rise and disposable income growth slows.**



## MARKET BALANCE

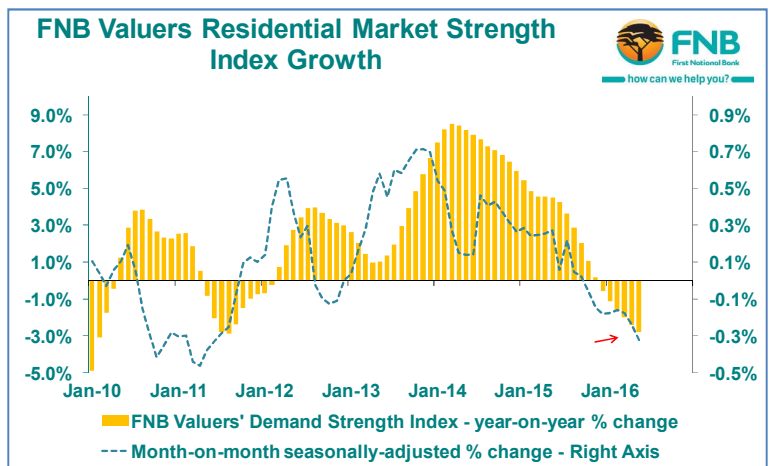
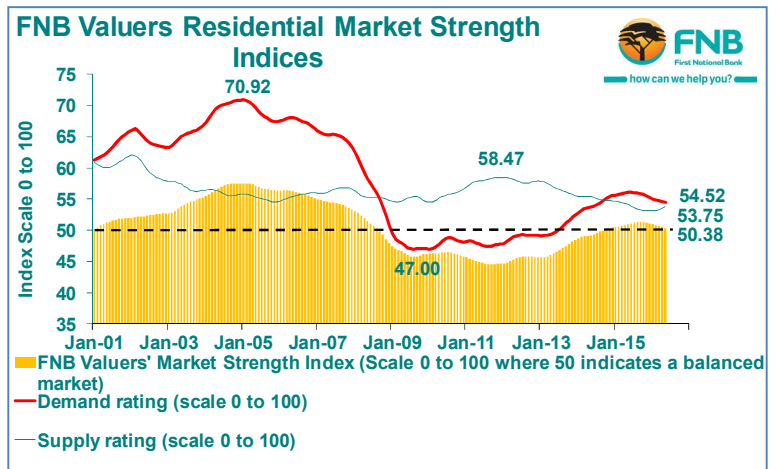
FNB’s valuers, in their FNB Valuers Market Strength Index (MSI) continues to point to a still well-balanced but weakening market.

Ongoing year-on-year decline in the MSI doesn’t appear to explain the mild recent uptick in average house price inflation. On a month-on-month rate of change basis, we saw the MSI’s rate of decline “treading some water” late in 2015 and earlier this year. That happened as a result of a de-celeration in the rate of decline in the Residential Demand Rating. It could be that short-lived period that is currently being reflected in the renewed acceleration in average house price inflation, along with a recent resurgence in general inflation in the economy.

However, from March we saw a renewed pick-up in “downward speed” in the monthly rate of decline in the MSI, suggesting that any price growth accelerating trend is likely to be short-lived.

The trend aside, a level of 50.38 in the MSI for May continues to point to a well-balanced residential market, with the Demand Rating remaining slightly above the Supply Rating for the time being, suggesting that some small positive house price growth in real terms (adjusting for CPI inflation) is to be expected.

Therefore, the FNB Valuers continue to see a weakening balance between demand and supply, which may be slightly” at odds” with a very recent acceleration in FNB House Price Index inflation. However, as yet, the MSI has not dropped below 50, indicating that they still see demand as slightly stronger than supply on a national average basis. Therefore, it should not be surprising to see FNB House Price index inflation at a slightly positive rate in real terms. But the valuers continue to point to a weakening demand-supply balance, and if this trend should continue, it should ultimately imply a move to slower house price inflation.



## MAY HOUSE PRICE PERFORMANCE

### MAY AVERAGE HOUSE PRICE GROWTH

The FNB House Price Index for May 2016 rose by 7.4% year-on-year. This is slightly faster than the revised 7.0% rate recorded for April, implying an acceleration in nominal house price growth for the past 4 months using the latest revised data.

In real terms, when adjusting for CPI (Consumer Price Index) inflation, however, the rate of house price growth remains not too far from the zero level, having recorded 0.7% real year-on-year growth in April, slightly up from 0.3% in the prior month.

The return to slightly positive real growth in recent months was the result not only of rising average house price growth, but also due to some receding in CPI (Consumer Price Index) inflation, from 7% year-on-year in February to 6.2% by April (May CPI data not yet available).

Just above zero percent real house price inflation would continue to suggest a market still very well balanced between supply and demand. While demand has not been spectacular since the 2008/9 Recession, supply constraints have been reported widely, and building levels of new homes have remained muted, contributing greatly to the market balance.

The average price of homes transacted in April was R1,075,033.

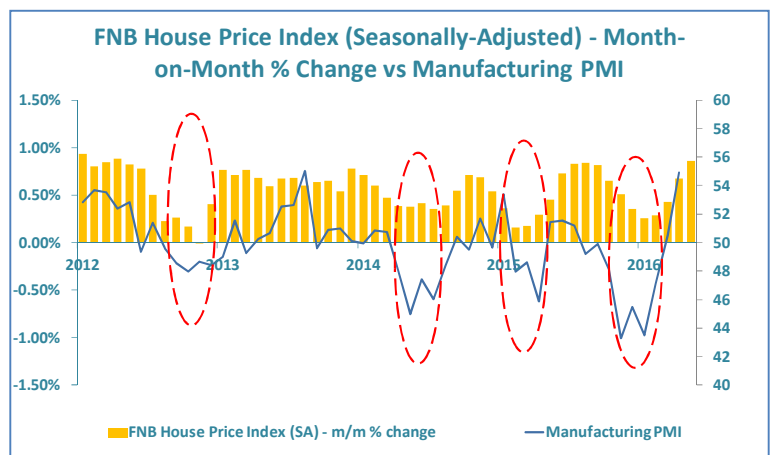
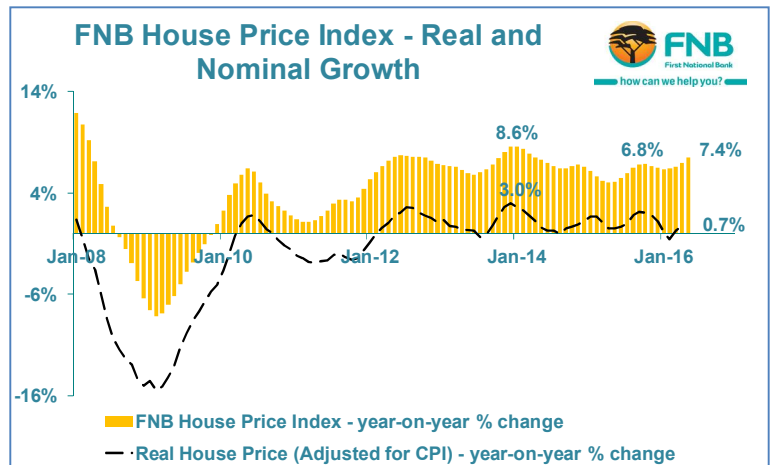
### WHAT MAY BE THE KEY DRIVERS OF THE RECENT ACCELERATION IN AVERAGE HOUSE PRICE GROWTH

There are 3 possible key drivers of this perhaps surprising mild acceleration in average house price growth, at a time when interest rates have been rising.

Firstly, it is possible that some of this rise is the lagged impact of a higher general inflation environment which has set in in South Africa of late. After a low of 3.9% year-on-year in February 2015, CPI inflation gradually made its way higher through much of last year, to reach 7% in February 2016. It is possible that higher house price inflation is in part reflective of a higher general inflation environment.

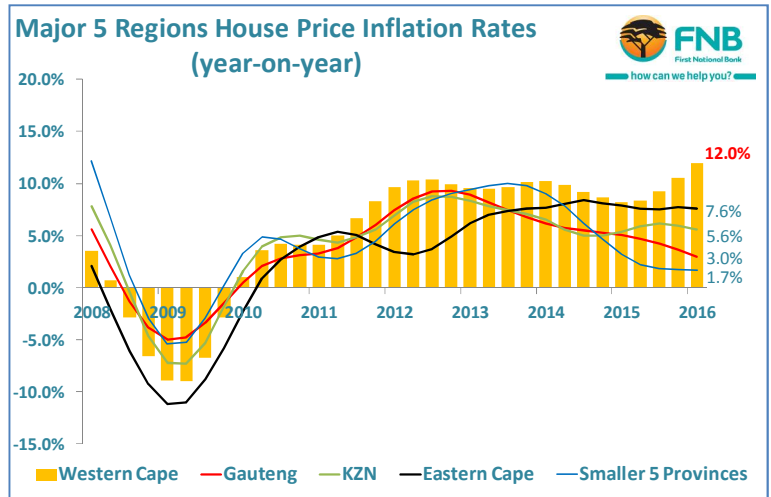
Secondly, however, we do believe that the acceleration may also be due to a slightly better economic environment setting in during the 2<sup>nd</sup> quarter of 2016, after a dismal starting quarter of the year. Viewing FNB House Price Index growth on a month-on-month seasonally adjusted basis, we see that in recent years the noticeable dips in the month-on-month rate of change in the House Price Index more-or-less co-incident with equally noticeable dips in the Manufacturing Purchasing Managers Index (PMI – one of the key up to date indicators of short term economic movements).

Recently, however, in the past 2 months' data (March and April) we saw the PMI shooting up back to above the crucial 50 level, suggesting some possible mild economic improvement. Such improvement may also be reflected in the rise in month-on-month house price growth.



Thirdly, however, we believe that a key contributor in holding up the National House Price Index growth rate is the strong recent performance of the Western Cape region's housing market. A lot of positive sentiment exists in this region, the country's 2<sup>nd</sup> largest economic and residential property region after Gauteng Province, and along with a significant land constraint this has boosted the province's house price growth into double-digits.

The FNB Western Cape House Price Index recorded 12% year-on-year growth during the 1<sup>st</sup> quarter (we only produce the provincial indices on a quarterly basis)



By comparison, the other major regions were significantly slower. Eastern Cape Province recorded 7.6% year-on-year house price inflation in the 1<sup>st</sup> quarter, KZN 5.6%, Gauteng, the country's largest region, rose 3%, and the Smaller 5 Provinces a mere 1.7%.

It would, therefore, appear to be very much a Western Cape story in recent times.

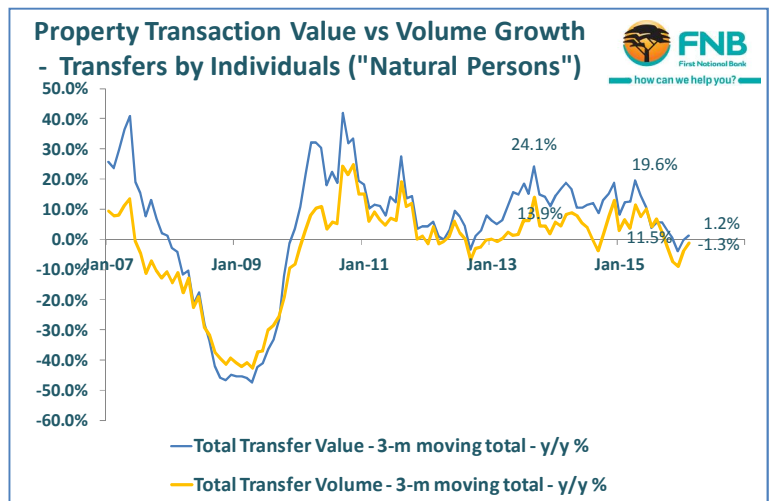
### HOUSING MARKET ACTIVITY LEVELS

**Growth in property transactions by individuals ("Natural Persons") had all but flattened out by the end of 2015, both in volume and value terms. This is the lagged impact of both gradually rising interest rates since early-2014, as well as economic growth stagnation since 2012.**

Housing Market activity growth appeared to all but come to a halt late in 2015/early-2016.

While residential transaction data isn't publicly available, we utilize Deeds data transaction for individuals only ("Natural Persons") for our trend analysis, which should be overwhelmingly Household/Residential-related transactions.

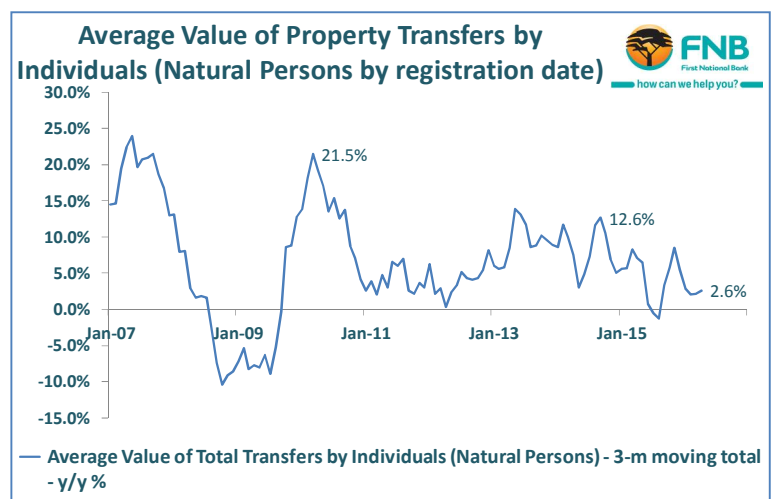
Smoothing the data using a 3-month moving average, we saw transaction volume growth slow through much of 2015, from +11.5% year-on-year in April 2015 to -8.9% by December, thereafter still languishing in negative territory to the tune of -1.3% for the 3 months to February.



Transaction value growth, too, has slowed from 19.6% year-on-year last April to reach 1.2% for the 3 months to February 2016.

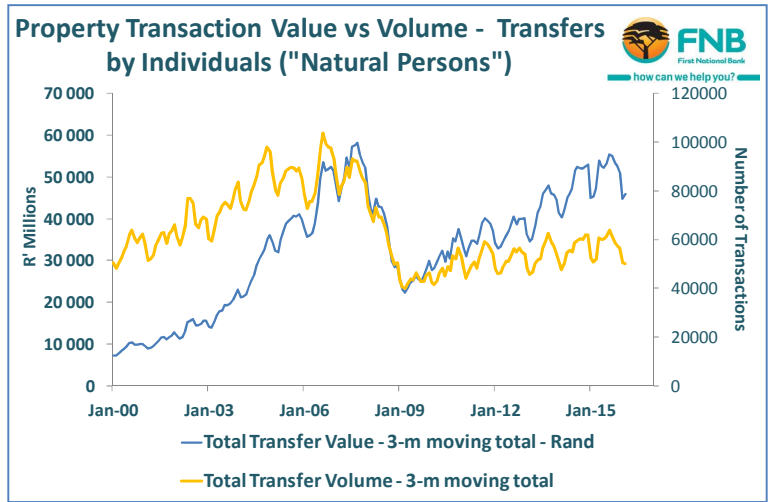
The slowdown in the value of transactions was driven by both a volume growth slowdown as well as a broad slowing in growth in the average value of property transfers.

For the 3 months to April 2016, the average transaction amount inflated year-on-year by a



mere 2.6%, well down from a 12.6% growth rate as at August 2014.

The value of transactions by individuals ("Natural persons) as at the final quarter of 2015 was 97% of the value of transactions as at the final quarter of 2007, which was right at the end of last decade's housing boom. However, this is due largely to property price inflation subsequent to the 2008/9 recession, and far less due to any strong recovery in transaction volumes. By comparison, the transaction volume in the final quarter of 2015 was only 67.7% of the level in the final quarter of 2007 and a lesser 58% of the strongest 4<sup>th</sup> quarter volume-wise, which was the final quarter of 2005.



## HOME AFFORDABILITY TREND INDICATORS

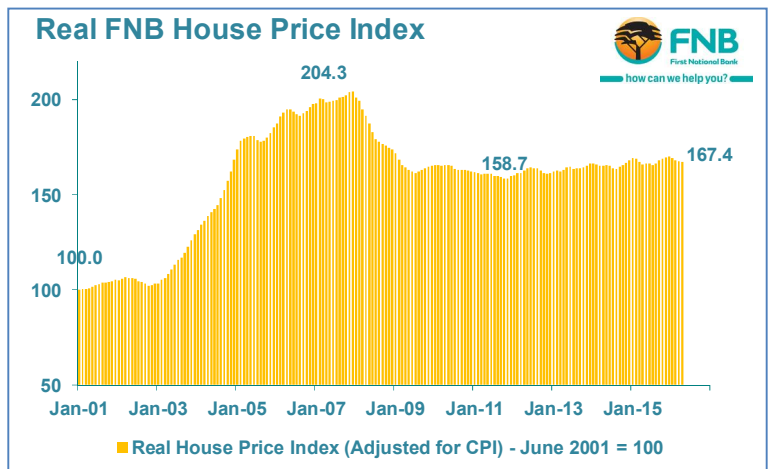
**Housing in South Africa remains expensive by our historic standards, and the various monthly affordability measures remain on a broad rising (deteriorating affordability) trend.**

### REAL HOUSE PRICE LEVELS

Examining the longer term real house price trends (house prices adjusted for CPI inflation), we see that the real house price level as at April 2016 was +5.3% up on the October 2011 post-recession low.

However, the average real house price level remains -18.2% below the all time high reached in December 2007 at the back end of the residential boom period.

Looking back further though, the average real price currently remains 67.4% above the January 2001 level, just over 15 years ago, and a time back just before boom-time price inflation started to accelerate rapidly. We therefore still regard current real price levels as very high.



In nominal terms, when not adjusting for CPI inflation, the average house price in May 2016 was 298.8% above the January 2001 level.

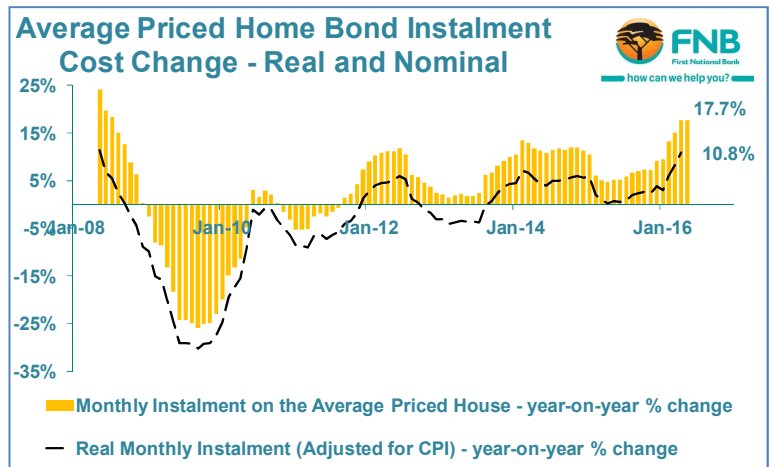
## AVERAGE HOUSE PRICE BOND INSTALMENT TREND

In such a credit dependent market, it is important to understand what the rate of change in monthly bond instalment is, given changes in both house prices and mortgage lending rates.

Using a Prime Rate series, along with Mortgage Originator Ooba's time series for "Mortgage Loans' Average Differential from Prime", we calculate an "average mortgage lending rate" and apply it to our average house price series to obtain an average monthly bond instalment estimate.

A further 50 basis point interest rate hike by the SARB (Reserve Bank) in January, and another 25 basis point hike in March, contributed along with the house price inflation rate to a move into double-digit bond instalment inflation on the average priced home, as from February 2016.

In May 2016, the year-on-year inflation rate in the bond instalment on the average-priced home measured 17.7%, almost the same as the revised rate for April. In real terms, adjusting for CPI inflation, the April bond instalment inflation rate was a very significant 10.8% (May CPI data not yet available)



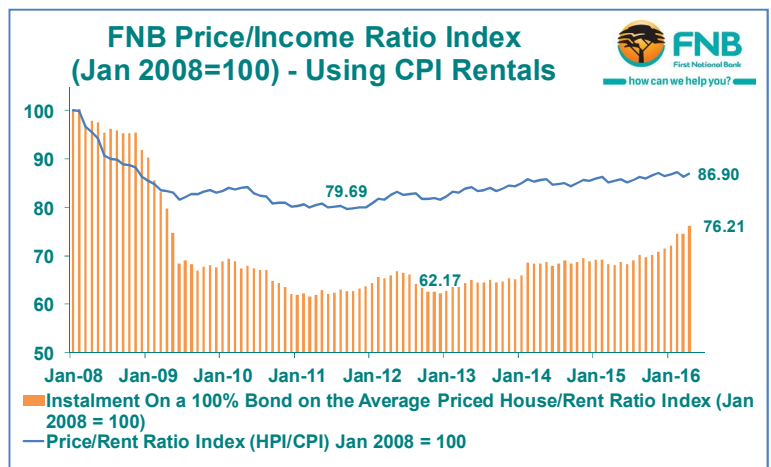
## PRICE-RENT RATIO INDEX

Analysts often become concerned when the Price-Rent Ratio is very high, as it can begin to make the rental option very appealing, contributing at some stage into a drop in home buying and a fall in house prices.

House price booms typically take this ratio higher.

To this effect, we use the FNB House Price Index and the CPI for Actual rentals. We show it in index form (because the CPI is an index), with January 2008=100.

Given that January 2008 was right at the end of the real house price boom, we believe that it represented an extremely high level in the Price-Rent Ratio. After a drop through 2008/9, and again in 2011, the index began to rise noticeably as the residential market strengthened. The index was at 86.90 in April 2016, up 9.1% from September 2011.

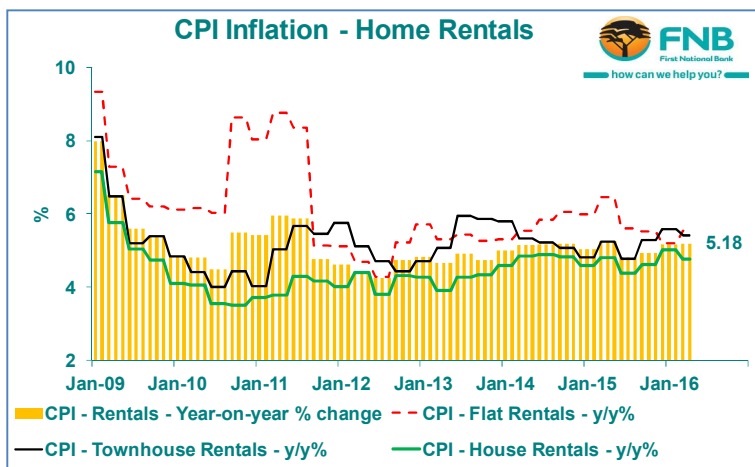


While 86.90 is believed to still be a high number, the other important ratio, i.e. the Instalment on a 100% bond on the average-priced house/Rent Ratio Index, is far lower. It has been kept far below January 2008 levels by a sharp drop in interest rates from late-2008. It reached a low of 62.17 as at December 2012. However, the combination of house price inflation broadly out-pacing rental inflation, along with gradual interest rate hiking over the past 2 years, has taken this ratio 22.6% higher by April 2016, to a reading of 76.21.

This remains well-below the January 2008 100 level though, as interest rates are still at relatively low levels. But, of course, rates have been in the process of rising, gradually reducing the attractiveness of the home buying option relative to rental in recent years.

Both the April monthly Price-Rent and Instalment-Rent Ratio Indices rose slightly on March, and while month-to-month movements can be volatile, we believe that the broad rising trend in both these ratios was still intact as at April.

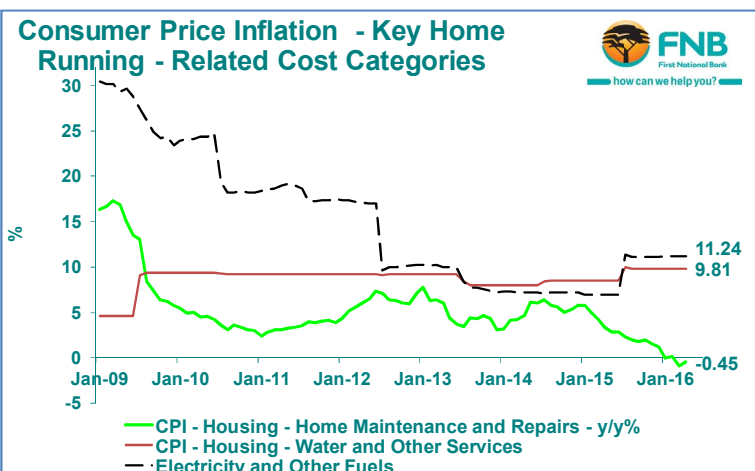
Part of the reason for the rise in the Price-Rent Ratio in recent years has been reasonably solid growth in house prices. However, it also has much to do with a rental market that, while showing some signs of periodic strengthening since 2012, has perhaps surprised on the “downside”, only reaching rental inflation of 5.18% year-on-year by early-2016, according to CPI-Rental numbers. We had expected a little more in the way of rental inflation once interest rates began to rise in 2014, but it would seem that the very slow and moderate pace of rate hiking has not yet significantly encouraged 1<sup>st</sup> time home buyers to postpone their purchase and go for the rental option for a bit longer.



Such moderate rental inflation should imply some further rise in the Price-Rent and Instalment-Rent Ratio Indices.

### HOME OPERATING COST-RELATED INFLATION

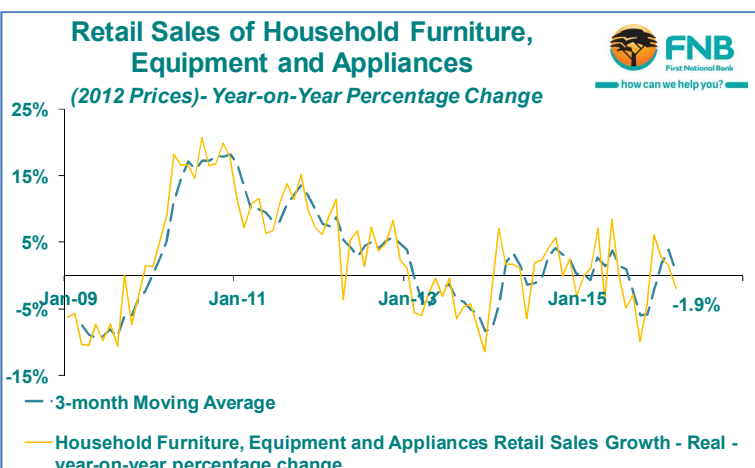
The surveys of the CPI sub-indices for “Water and Other Services” (which includes municipal assessment rates) and “Electricity and other fuels” were not done in the April CPI data. Their year-on-year inflation rates therefore remain unchanged from March at 9.81% and 11.24% respectively, remaining troublesomely above CPI inflation, and contributing significantly to housing-related affordability deterioration.



The CPI for Home Maintenance, however, shows a distinct lack of pricing power in the Home Maintenance-related sectors of the economy. In April, this index’s year-on-year rate of change remained in deflation territory to the tune of -0.45%.

### HOME-RELATED FURNITURE, EQUIPMENT AND APPLIANCES

Retail sales levels and growth in the area of Household Furniture, Equipment and Appliances can be a useful cyclical indicator, proving quite sensitive to interest rate and business cycles.



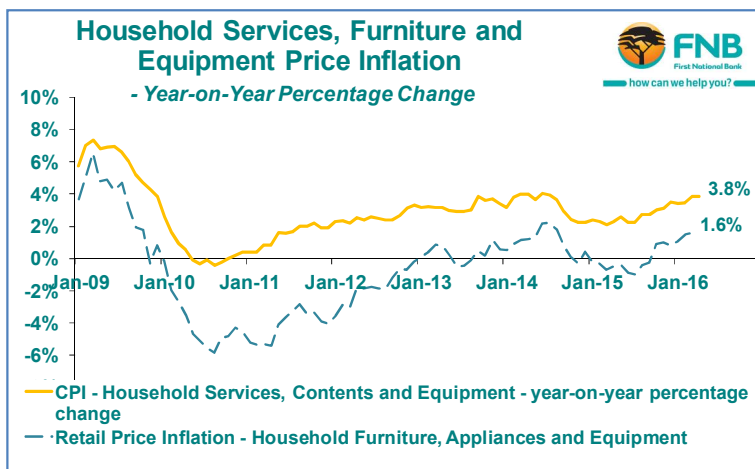
Recently, growth in the real value of Household Furniture, Equipment and Appliances Retail Sales has been sluggish, and in March turned mildly negative, recording a -1.9% year-on-year decline.

Smoothed on a 3-month moving average basis, we still saw slightly positive growth +0.8% year-on-year for the 3 months to March 2016, but this too represents a slowing from the prior month's growth.

Real retail sales growth in Household Furniture, Appliances and Equipment may be experiencing slightly more downward pressure of late from rising price inflation, but at 1.6% year-on-year inflation as at March, this rate is hardly severe.

The CPI for Household Services, Contents and Equipment is slightly higher and also rising, having measured 3.8% year-on-year as at April.

So, mildly rising inflation may be exerting slightly more downward pressure on home-related goods and services purchases, but not severely. What is more likely is that other consumer products, such as food purchases where price inflation has become quite extreme, are "crowding out" home-related purchases as disposable income growth slows.

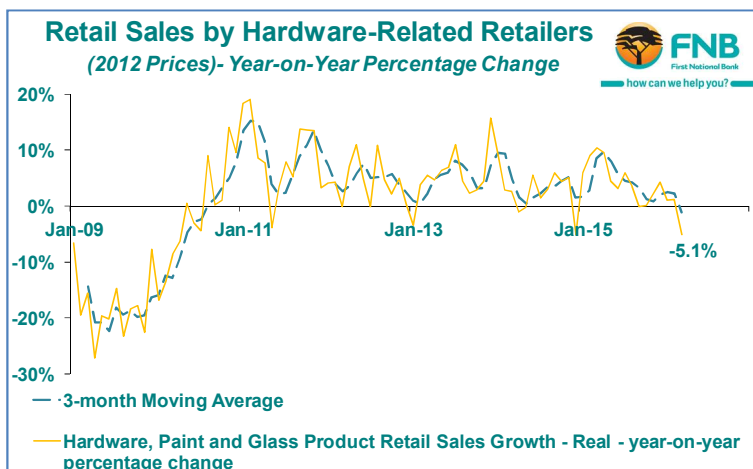


## HOME MAINTENANCE AND UPGRADES

Key monthly home maintenance and upgrade statistics point to mediocrity in growth in this area of the Residential Market, which can be a reflection of Household Sector financial constraints mounting.

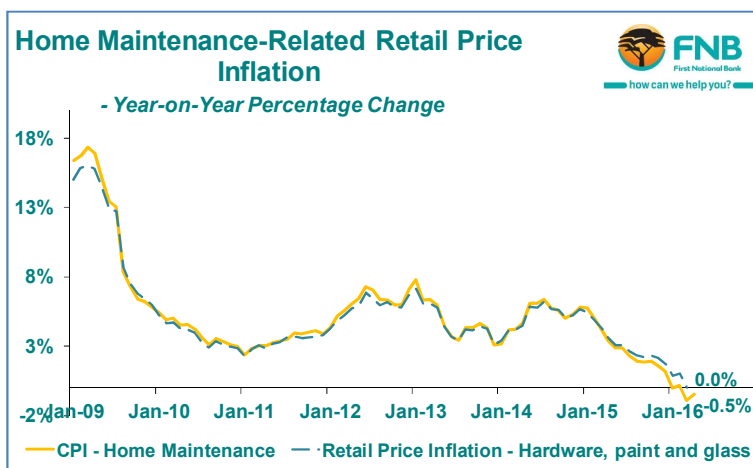
Home-related maintenance and upgrade data can be useful in pointing to signs of either financial strength or weakness. Households can be prone to cutting back on levels of maintenance and home upgrades in times of mounting financial constraints, and vice versa when better times arrive.

Recent Hardware, Paint and Glass Product Retail Sales data has possibly started to hint at such "cutting back", having declined by -5.1% year-on-year in real terms in March, from a previous month's positive rate of +1.2%. For smoothing purposes, we use a 3-month moving average, whose growth rate has also turned negative to the tune of -1.1% in March.



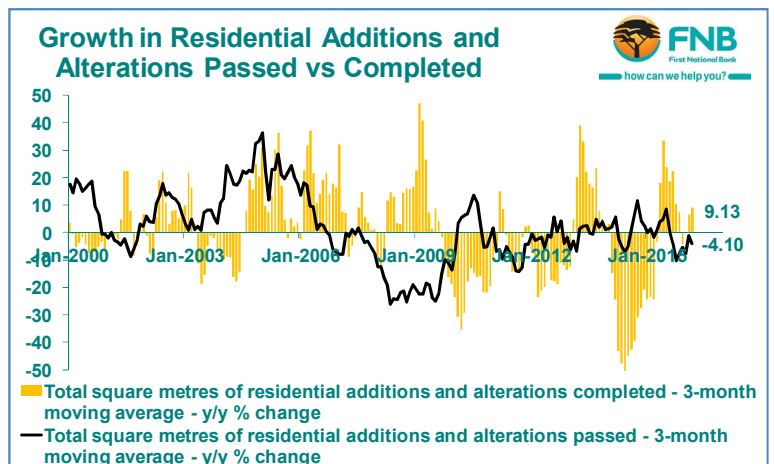
This weakness in growth comes despite nothing in the way of price inflation pressures to speak of. Retail price inflation for Hardware, Paint and Glass Product Retail was 0% in March, while the CPI for Home Maintenance showed -0.5% year-on-year deflation in April 2016.

StatsSA building statistics also hint at growth in Residential Additions and Alterations entering a "slow" period. Using a 3-month moving average growth rate for smoothing purposes, square metres of additions and alterations completed





rose by 9.13% year-on-year for the 3-months to March 2016. This does represent some improvement on the prior few months after a dip late last year. However, this rate remains well-below the 33.5% growth high achieved in June 2015. It is the square metres of Additions and Alterations plans passed, however, that provide something of a leading indicator of a lack of growth to come, with the 3-month moving average in this measure having declined year-on-year by -4.1% for the 3 months to March 2016.



## HOUSEHOLD SECTOR CREDIT HEALTH

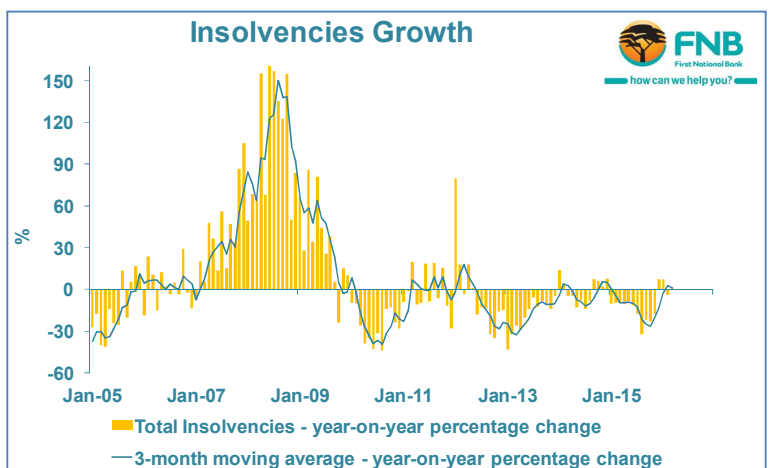
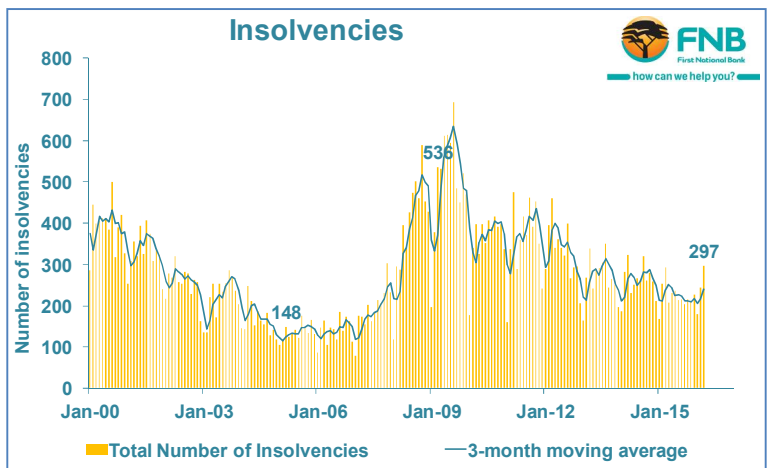
Key data releases during May suggested that early-2016 had heralded the start of a more noticeable deterioration in the Household Sector's credit health, although it still looks to be at a stage where things are fairly good.

This noticeable deterioration in certain credit health indicators comes after 4 years of economic stagnation, and over 2 years of very slow interest rate hiking.

A key monthly data release is that of insolvencies. The level of monthly insolvencies, at 297 in March, looks good by comparison to the 536 March month high reached in 2009, but less impressive compared with the March month low of 148 in March 2005.

Examining the year-on-year percentage change in insolvencies, we have seen it turn slightly positive in recent months, recording a small growth rate of 1.4% in March, and +0.84 positive growth on a 3-month moving average basis.

This shift to slightly positive growth in insolvencies comes after a good spell through much of 2015 in which the rate of decline reached -32.5% year-on-year in August of last year.

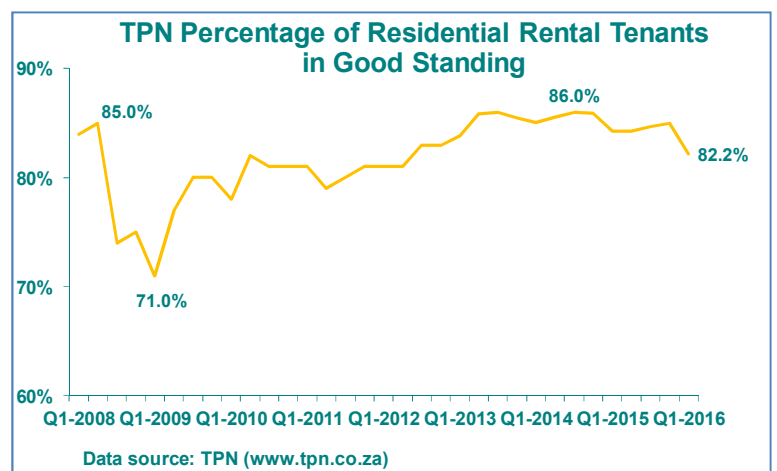
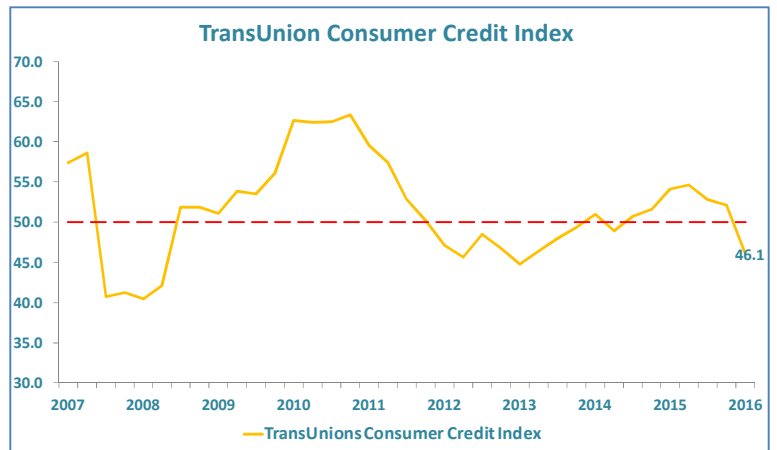


But it was 2 other data releases, emerging during the course of May, which suggest a move into deteriorating credit health. Most notable was the TransUnion Consumer Credit Health Index, which dropped to below the 50 level to 46.1 (Scale of 0 to 100), below-50 implying the onset of deteriorating credit health.

Closer to home in the residential market, TPN recorded a decline in the Percentage of Tenants in Good Standing with their Rental Payments, from a previous quarter's 85% to 82.2% in the 1<sup>st</sup> quarter of 2016.

This comes after a lengthy broad sideways move in the percentage through 2013 -2015 where it hovered at between 85-86%.

2 years into the interest rate hiking cycle, some moderate credit health deterioration should not come as a surprise.



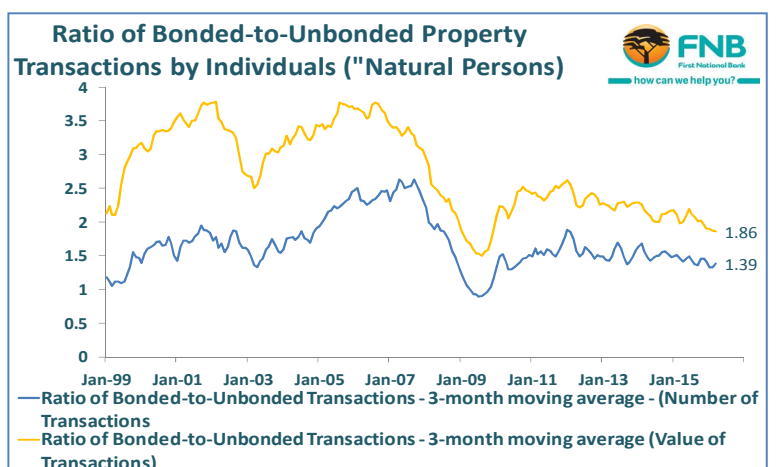
## RESIDENTIAL MORTGAGE LENDING ENVIRONMENT

Monthly data related to the Household Sector Mortgage Lending environment may be beginning to show hints of greater "conservatism" in certain ways, but it would be too early to draw any hard conclusions

### TRENDS IN BONDED PROPERTY TRANSACTIONS

Gradually mounting affordability challenges have been visible in the mortgage data for some time.

The very early sign of mounting affordability challenges came back around 2012, where the ratio of Bonded-to-Unbonded transactions began to turn lower, both in volume and value terms, implying the start of a declining trend in the level of bonded transactions relative to cash transactions. The decline started after interest rate cuts had come to an end and then in 2014 started to rise.



Then, secondly, we began to see a broad slowing trend in the rate of increase in value of the average bonded property registration by individuals ("Natural Persons"), starting around 2013. From a 12.3% year-on-year growth high for the 3 months to February 2013, this rate has slowed all the way to turning negative to the tune of -0.7% year-on-year for the 3 months to April 2016, with a very noticeable slowing coming since November 2015.

More recently, we started to see a very noticeable slowing in the growth in bonded transactions, both on a volume and value basis.

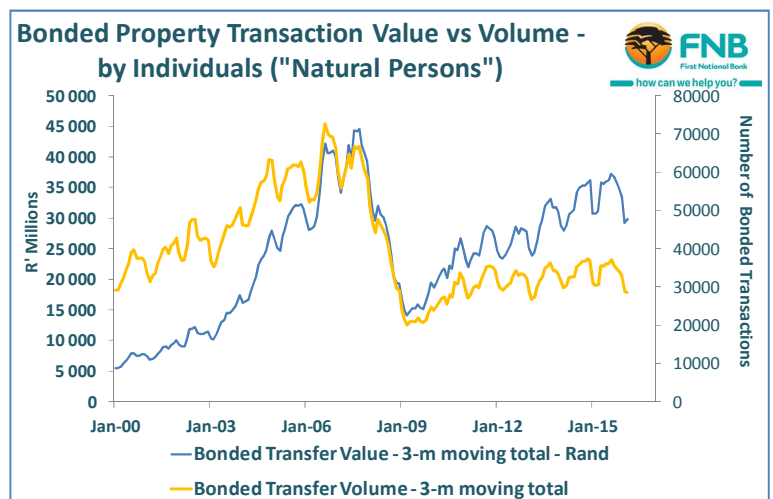
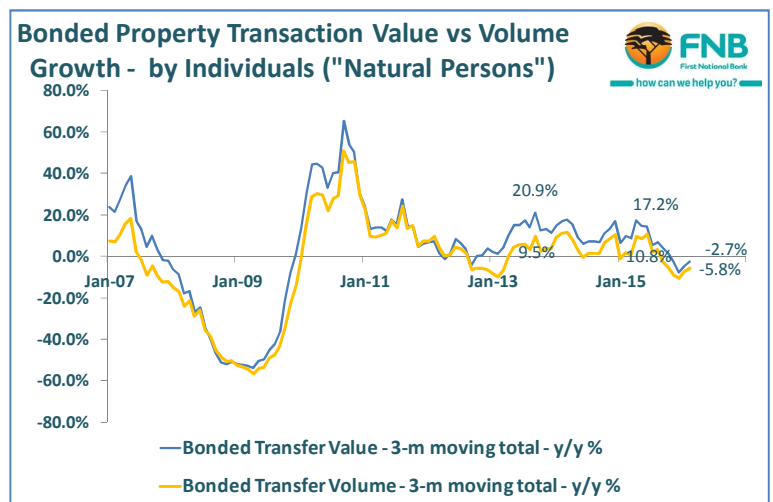
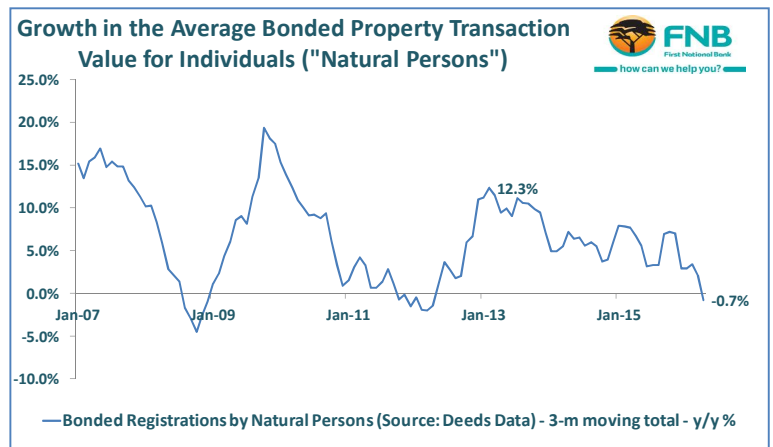
From 17.2% year-on-year for the 3 months to April 2015, the growth in value of bonded property transactions by individuals ("Natural Persons" slowed to a negative rate of -2.7% year-on-year for the 3 months to February 2016.

Bonded transaction volume growth, too, slowed noticeably from 10.8% year-on-year for the 3 months to June 2015 to a -5.8% decline for by the 3 months to February 2016.

The slowing trend in the Household Sector Mortgage Market were evident for a considerable time prior, and up to, early-2016.

Examining the level of bonded transaction volumes and values, we see nominal value for the final quarter of 2015 having risen back to 83% of the peak boom time 4<sup>th</sup> quarter level reached in the final quarter of 2006.

However, in real terms the recovery since 2009 has been less impressive, with final quarter 2015 bonded transaction volume reaching only 49.7% of the 4<sup>th</sup> quarter 2006 level.



## TRENDS IN HOUSEHOLD SECTOR-RELATED BONDS

As in the case of Bonded Transactions, gradually we have seen a slowing in the growth rate in the value of bonds registered.

1<sup>st</sup> Bonds registered saw post-recession (2008/9 recession) growth in average value peak in February 2010, at 15.6% year-on-year on a 6-month moving average basis, and since slowing to a mere 3.5% for the 6 months to April 2016.

For all bonds (1<sup>st</sup> bonds, further loans and switches, the growth has slowed from an 11.6% high for the 6 months to July 2011, to 4.1% by the 6 months to April 2016.

On the positive side, the weak growth environment, both economically and in the mortgage market, brings about a healthy lack of “over-exuberance” amongst lenders and borrowers alike. This is seen in relatively weak levels of Further Loan registrations and bond registrations deemed to be “switches” from one financial institution to the other. Strong levels of such categories of lending can be a sign of “mass exuberance”.

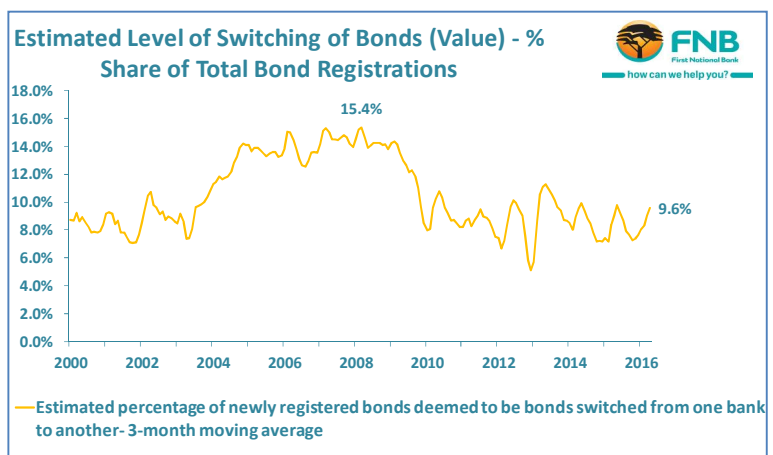
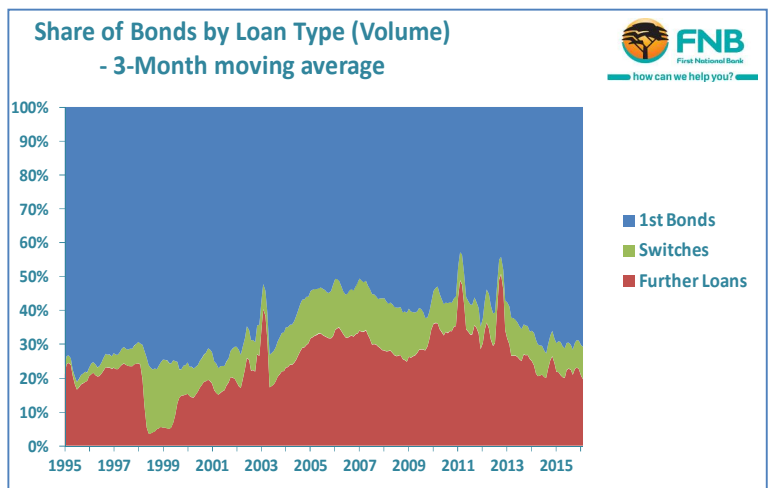
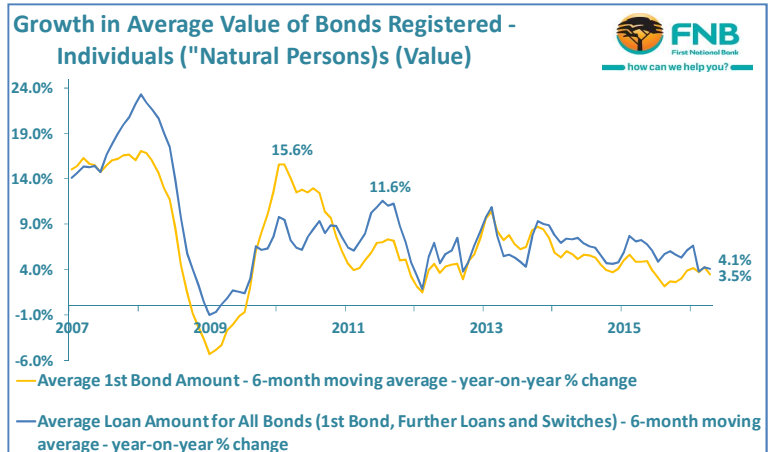
For the 3 months to April 2016, 1<sup>st</sup> Bonds accounted for an estimated 70.8% of total bonds registered by individuals (“Natural Persons”). This represents a significantly higher percentage than the percentage not far above 50% around 2003, a time when last decade’s residential “bubble” was gathering momentum.

This is the result of a significant receding in the percentage of loans deemed to be Further Loans, to 19.7% of the total for the 3 months to April 2016, having frequently been above 30% as recently as 2011/12.

Switched Loans, too, have receded in significance since the pre-2008 boom years. However, a recent rise in the percentage of loans believed to be switches is “interesting”. **In times when natural market growth is in short supply, one can see mortgage lenders resort to more aggressively competitive behavior in the form of “switching campaigns”.**

From an estimated 7.3% of total loans registered for the 3 months to October 2015, loans deemed to be switches have risen to 9.6% of total loans registered for the 3 months to April 2016.

As switches reduce the time of mortgage loans on a lender’s books, they can erode mortgage lenders’ profitability.

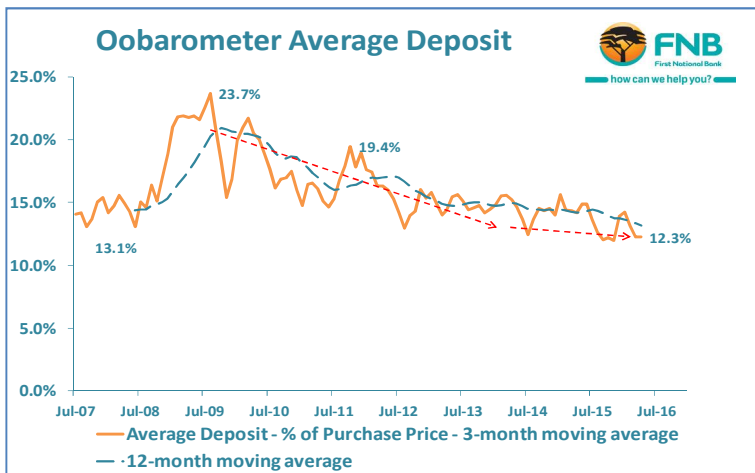


This rise, as yet, is not out of line with fluctuations in the percentage of switches since around 2010, and as such does not cause alarm. The percentage for the time being remains well below the 15.4% peak reached at a stage early in 2008, at the end of the property and mortgage lending “bubble”. But a near term move noticeably higher than this percentage, should it occur, may point to more aggressive switching in the Household Sector Mortgage Industry.

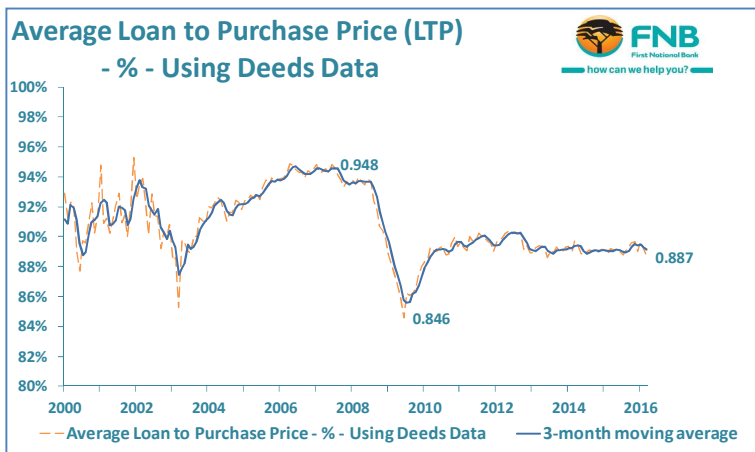
### DEPOSIT AND LOAN-TO-PURCHASE PRICE LEVELS

Looking for indicators of levels of Mortgage Lending Sector “appetite”, Ooba data has pointed to a “gradual creep” towards a lower percentage average deposit on home loans originated by Ooba, over the period 2009-2016.

From a high of 23.7% reached in August 2009, the average deposit has followed a broad declining trend all the way to 12.3% as at April 2016, and the 12-month moving average trend line is still in decline. The pace of decline, however, did appear to slow from around 2013.



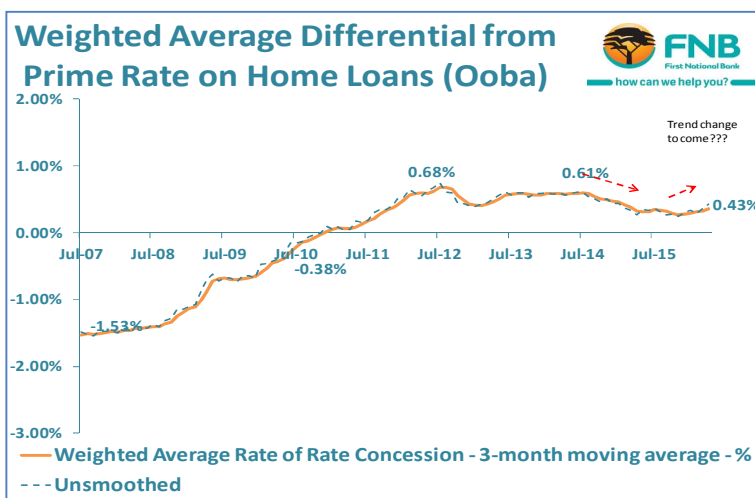
Our own related estimate, using Deeds Data of transactions by Individuals (“Natural Persons”), however, has shown a broad sideways movement in estimated Loan-to-Purchase Price (LTP) since around 2011, after significant relaxations by banks around 2009/10 drove this ratio higher. At 0.887 in March 2016, the LTP is noticeably higher than the 0.846 low around mid-2009, but well below the “crazy days” of 2007 where it peaked at 0.948.



### HOME LOAN PRICING

Pricing, too, appears far from “aggressive” (meaning “low”). In the 2<sup>nd</sup> half of 2014, Ooba’s average differential from Prime Rate for mortgage loans began to decline, from a high of +0.61 as a percentage point in June of that year to +0.24 by November 2015. This began to hint at a gradually emerging “mild price war” between mortgage lenders, although still a far cry from the days of -1.53 of a percentage point below Prime Rate back in 2007.

But in the early stages of this year, pricing appears to have turned the other way, back to a more conservative level of +0.43 of a percentage point above Prime Rate by April 2016.



**HOME LOAN APPROVAL AND DECLINE RATES**

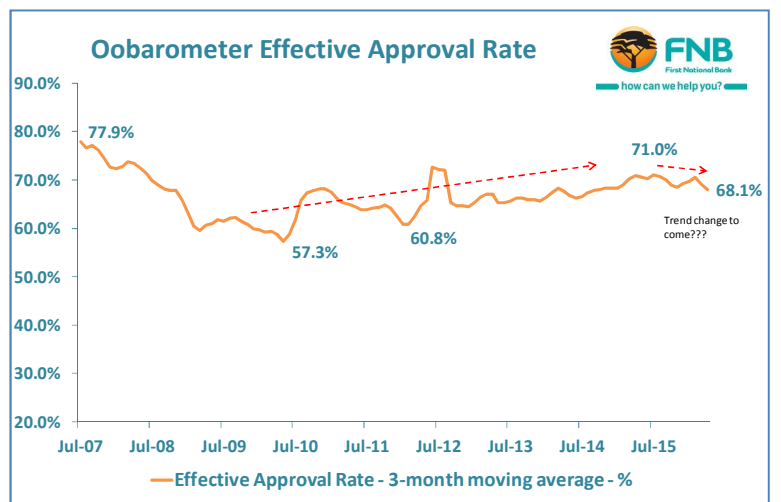
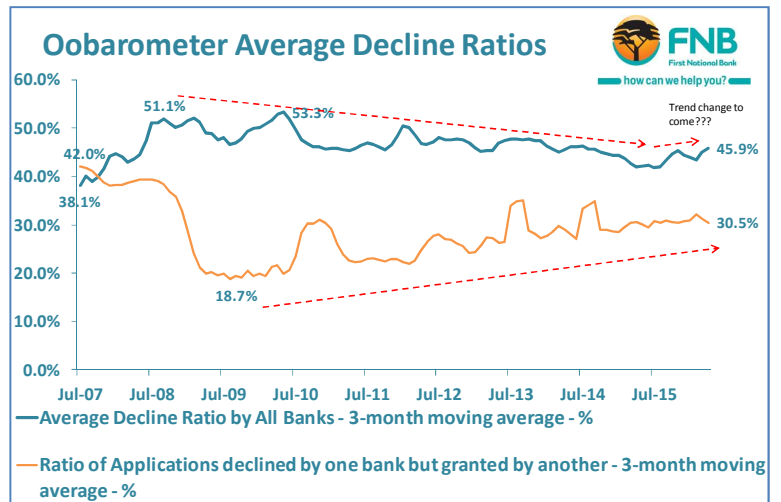
A further vague hint at a possible rise in lending “conservatism” by the Mortgage Lending Sector emanates from Ooba’s estimates of mortgage decline and approval rates.

Smoothing the data with a 3-month moving average, we saw 45.9% of mortgage loans being declined for the 3 months to April 2016. This is higher than the 41.8% multi-year low reached in July 2015, and is the highest decline ratio since the 3 months to July 2014 which recorded 46.3%.

Obviously many of these declines are picked up by a 2<sup>nd</sup> bank, and the ratio of applications declined by one bank and granted by another remain solid at 30.5%.

Putting this all together in what is known as Ooba’s Effective Approval rate, however, we have seen a decline in this rate from 71% for the 3 months to July 2015 to 68.1% for the 3 months to April 2016.

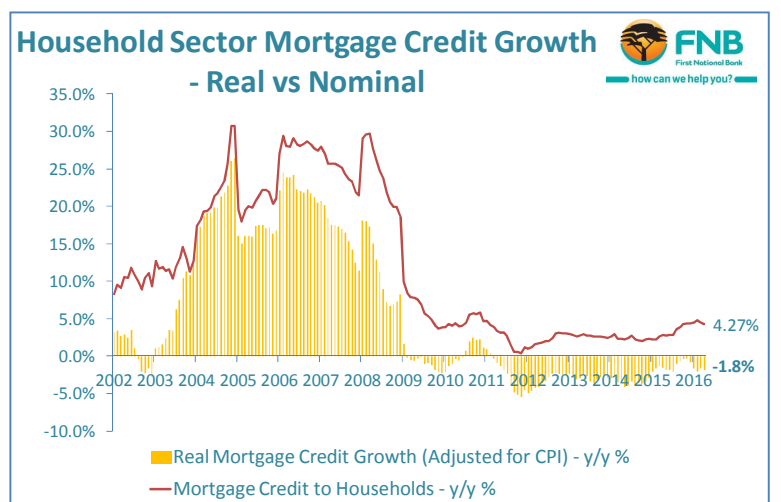
Early days, and month to month the data does have some volatility, but there appears to be a vague hint in the data of a decline in the Effective Bond Approval Rate.



**OVERALL MORTGAGE CREDIT GROWTH**

Finally, the ongoing moderate level of mortgage lending, which has been in force ever since the end of the Residential Market Boom in 2008, has led to mild nominal growth in overall Household Sector Mortgage Credit Outstanding at best. From a low point of +0.4% year-on-year at the end of 2011, nominal mortgage credit growth rose to 4.7% in March 2016, receding slightly to 4.27% in April.

This translates into ongoing decline in the value of Household Mortgage Credit outstanding in real terms (adjusting for CPI) since early-2011, a necessary downward adjustment in the real value of mortgage books after the “market overshoot” in the pre-2008 residential boom.



Since December 2008, in real terms the value of Household Sector Mortgage Credit Outstanding has declined by -16.5%. As at April 2016, real year-on-year decline continued to the tune of -1.8%.

## CONCLUSION

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May data releases continued to suggest that the residential market remains largely “rational”, with little reason to be concerned about “over-exuberant” behavior that risks causing big market “overshoots”. But while some data pointed towards a slightly “less weak” economic environment, the economy remains stagnant at best, and its health continues to pose a key risk to the housing market’s well-being going forward. And while FNB’s Valuers continued to point to good supply-demand balance in May, which should still justify recent positive house price growth in real terms, they do perceive signs of weakening. In addition, some releases did point towards a deterioration in Household Sector credit health early in 2016.

## Property and Mortgage Market Summary

END OF PERIOD	2013	2014	2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Feb-16	Mar-16	Apr-16	May-16
<b>Residential Property Prices</b>											
FNB National Average House Price (Rand)	891 925	955 463	1 012 526	1 000 833	1 018 206	1 040 408	1 054 152	1 053 774	1 059 094	1 066 460	1 075 033
<i>y/y % change</i>	6.8	7.1	6.0	5.2	6.4	6.6	6.4	6.4	6.6	7.0	7.4
<i>m/m seasonally-adjusted % change</i>								0.28	0.43	0.67	0.86
FNB Valuers Demand Strength Index	50.38	54.15	55.82	56.07	55.97	55.49	54.89	54.89	54.74	54.61	54.52
<i>y/y % change</i>	3.0	7.5	3.1	4.4	2.8	0.2	-1.6	-1.6	-2.0	-2.4	-2.8
<i>m/m % change</i>								-0.28	-0.27	-0.23	-0.17
FNB Valuers Supply Strength Index	56.71	55.1	53.79	54.13	53.43	53.12	53.22	53.205	53.29	53.489	53.753
<i>y/y % change</i>	-2.1	-2.8	-2.4	-2.2	-2.7	-3.0	-2.3	-2.3	-2.0	-1.5	-0.7
<i>m/m % change</i>								0.09	0.16	0.37	0.49
FNB Valuers Market Strength Index	46.84	49.53	51.02	50.97	51.27	51.19	50.83	50.84	50.72	50.56	50.38
<i>y/y % change</i>	3.0	5.7	3.0	3.7	3.0	1.7	0.4	0.4	-0.04	-0.54	-1.15
<i>m/m % change</i>								-0.19	-0.23	-0.32	-0.35
<b>Major Metro Areas Average House Price (Rand)</b>											
	1 084 172	1 171 580	1 248 347	1 241 913	1 255 199	1 269 246	1 282 325				
<i>y/y % change</i>	6.6	8.1	6.6	7.2	6.0	5.0	4.5				
<b>- Upper Income Area Average House Price (Rand)</b>											
	2 324 794	2 563 905	2 765 377	2 755 182	2 779 501	2 800 830	2 813 681				
<i>y/y % change</i>	8.0	10.3	7.9	9.1	6.8	4.7	3.2				
<b>- Middle Income Area Average House Price (Rand)</b>											
	1 240 331	1 347 170	1 445 384	1 438 943	1 456 889	1 470 171	1 480 119				
<i>y/y % change</i>	6.5	8.6	7.3	8.1	6.9	5.6	4.6				
<b>- Lower Income Area Average House Price (Rand)</b>											
	787 961	836 374	880 050	874 271	884 057	897 112	911 598				
<i>y/y % change</i>	5.7	6.1	5.2	5.2	4.9	5.0	5.4				
<b>- Affordable Area Average House Price (Rand)</b>											
	409 768	440 827	462 919	459 342	464 057	472 495	482 918				
<i>y/y % change</i>	6.3	7.6	5.0	5.1	4.3	4.5	6.0				
<b>- Major 3 Provinces' Former Black Township Average House Price (Rand)</b>											
	270 946	295 891	331 047	327 152	334 203	344 272	356 390				
<i>y/y % change</i>	6.8	9.2	11.9	12.3	11.6	11.8	11.9				
<b>- Holiday Towns Average House Price (Rand)</b>											
	837 094	906 098	960 884	974 826	968 754	950 254	924 702				
<i>y/y % change</i>	2.2	8.2	6.0	9.2	5.3	0.5	-4.13				
<b>FNB Estate Agent Survey</b>											
Level of Residential Demand Activity (Scale 1 to 10)	6.27	6.58	6.31	6.33	6.14	6.02	6.39				
<i>y/y % change</i>	4.8	4.9	-4.1	0.0	-7.4	-8.9	-5.1				
First time buyers as a percentage of total buyers (%)	22.5	26.5	24.3	21.0	25.0	26.0	21.0				
Buy-to-let as a percentage of total buyers (%)	7.8	9.3	8.8	9.0	8.0	9.0	9.0				
Average time of properties on the market (Weeks and Days)	16.0	12.2	12.0	12.1	11.1	12.1	11.1				
Percentage of properties sold at less than asking price (%)	88.0	81.5	86.0	87.0	87.0	87.0	88.0				
Percentage of properties on the market for 3 months or more (%)	74.5	56.0	49.0	46.0	47.0	55.0	47.0				
<b>Residential Building Sector</b>											
Number of units' plans passed	50 447	56 809	59 670	16 660	16 831	13 643	13 547	5 170	4 741		
<i>y/y % change</i>	1.3	12.6	5.0	17.9	10.8	1.1	8.1	19.5	18.5		
Square metres' worth of plans passed	6 647 115	7 467 385	7 703 754	2 020 328	2 092 849	1 804 851	1 742 054	658 260	640 918		
<i>y/y % change</i>	6.4	12.3	3.2	11.9	1.2	-3.8	-2.4	10.9	-0.6		
Average size of units' plans passed (square metres)	131.8	131.4	129.1	121.3	124.3	132.3	128.6	127	135		
Number of units completed	41 485	38 043	39 666	10 592	9 784	10 808	9 277	3 885	2 689		
<i>y/y % change</i>	-3.5	-8.3	4.3	31.5	2.2	-3.7	9.4	33.4	-19.7		
Square metres' worth of buildings completed	4885830.0	4707294.0	5125031.0	1 325 713	1 322 928	1 383 942	1 112 036	409 700	381 147		
<i>y/y % change</i>	1.5	-3.7	8.9	28.8	7.3	-1.3	1.8	13.4	-11.3		
Average size of units' completed (square metres)	117.8	123.7	129.2	125.2	135.2	128.0	119.9	105.46	141.74		



## Property and Mortgage Market Summary



END OF PERIOD	2013	2014	2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Feb-16	Mar-16	Apr-16	May-16
<b>Mortgage Market</b>											
New residential loans and re-advances granted (R'm)	196 144	213 318	229 921	58 201	60 250	55 516					
<i>y/y % change</i>	15.6	8.8	7.8	11.3	7.0	3.9					
Residential re-advances granted (R'm)	10 452	11 911	13 750	4 262	3 386	2 626					
<i>y/y % change</i>	26.06	13.96	15.44	50.3	7.0	-11.8					
Total residential mortgage loans outstanding - Banks (R'm)	837 817 308	854 418 677	886 123 502	868 135 474	875 775 279	886 123 502		896 328 638	895 956 005		
<i>y/y % change</i>	1.3	2.	3.7	2.5	2.7	3.7		4.1	3.9		
<b>Key Economic Indicators</b>											
Real Gross Domestic Product (R'm at 2000 prices)	2 969 652	3 018 422	3 056 396	3 050 695	3 052 628	3 055 958					
<i>y/y % change</i>	2.3	1.6	1.3	1.2	0.8	0.5					
Real Residential Fixed Investment (R'm)	46 676	43 975	42 067	42 170	42 248	41 819					
<i>y/y % change</i>	-7.1	-5.8	-4.3	-0.7	-0.1	-1.2					
Prime Rate (%)	8.5	9.1	9.4	9.3	9.5	9.7	10.3	10.25	10.3375	10.5	10.5
Yields on Government Bonds 10 years and Longer (%)	7.7	8.3	8.2	8.1	8.3	8.7	9.4	9.2	9.3	9.1	9.3
Currencies - USDZAR	9.66	10.85	12.78	12.107	12.996	14.212	15.844	15.77	15.43	14.61	15.33
Currencies - EURZAR	12.82	14.39	14.17	13.376	14.444	15.558	17.456	17.50	17.12	16.57	17.34
<i>CPI - y/y % change</i>	5.8	6.1	4.6	4.6	4.7	4.9	6.5	7.	6.3	6.22	
<i>Gauteng pump price y/y%</i>				-8.7	-6.5	-5.8	11.0	20.4	3.7	-2.3	-1.3
FNBBER Consumer Confidence Index	-5.3	-0.8	-9.5	-15.0	-5.0	-14.0	-9.0				
RMBBER Business Confidence Index	46	45	42	43.0	38.0	36.0	36.0				
SARB Composite Leading Business Cycle Indicator	99.4	97.8	94.4	95.8	93.	92.9	91.9	91.64	91.92		
<i>y/y % change</i>	0.1	-1.7	-3.4	-1.5	-4.7	-5.0	-4.2	-4.53	-3.99		
<i>m/m % change</i>								-0.42	0.31		
Real Retail Sales (2008 Prices) - R'm	723 291	738 224	762 633	181 640	184 556	219 224	183 297	60 783	61 805		
<i>y/y % change</i>	2.7	2.1	3.3	3.1	3.4	3.8	3.4	4.0	2.8		
Manufacturing - Volume of Production (Index 2005=100)	106.53	106.6	106.57	102.5	110.5	111.8	100.7	104.0	108.3		
<i>y/y % change</i>	1.4	0.1	0.0	-1.6	2.0	-1.1	-0.8	2.2	-2.0		
Mining - Volume of Production (Index 2005=100)	99.49	98.14	101.28	102.9	102.5	102.	86.8	85.4	90.6		
<i>y/y % change</i>	3.7	-1.4	3.2	5.9	1.1	-2.4	-11.2	-8.3	-18.0		
Vehicle Sales - Total (NAAMSA)	565 999	571 501	555 397	129 142	143 510	140 158	130 127	48 149	47 631	40 390	42 907
<i>y/y % change</i>	5.0	1.0	-2.8	-1.9	-6.8	-3.1	-8.7	-8.1	-14.1	-9.2	-10.4
Passenger Vehicle Sales - Total (NAAMSA)	379 673	377 507	359 603	83 067	94 117	89 789	86 134	32 826	30 702	26 077	27 143
<i>y/y % change</i>	4.1	-0.6	-4.7	-2.6	-9.1	-5.6	-7.0	-6.0	-13.6	-13.6	-13.0